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MAY 8 1957

# MANAGEMENT METHODS

MAY 1957

PRACTICAL SOLUTIONS TO ADMINISTRATIVE PROBLEMS



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How to get the weather on your side *page 41*



*One of many possible combinations in Pebble Beige.*

## **Color-styled GF STEEL PARTITIONS make work more enjoyable**

*Here's the practical, low-cost way to meet changing needs for private work enclosures*

Yes, work is more fun when the distractions always present in large open work areas are minimized—when private enclosures are perfectly matched to job requirements. Color, too, plays its part in creating the ideal work station.

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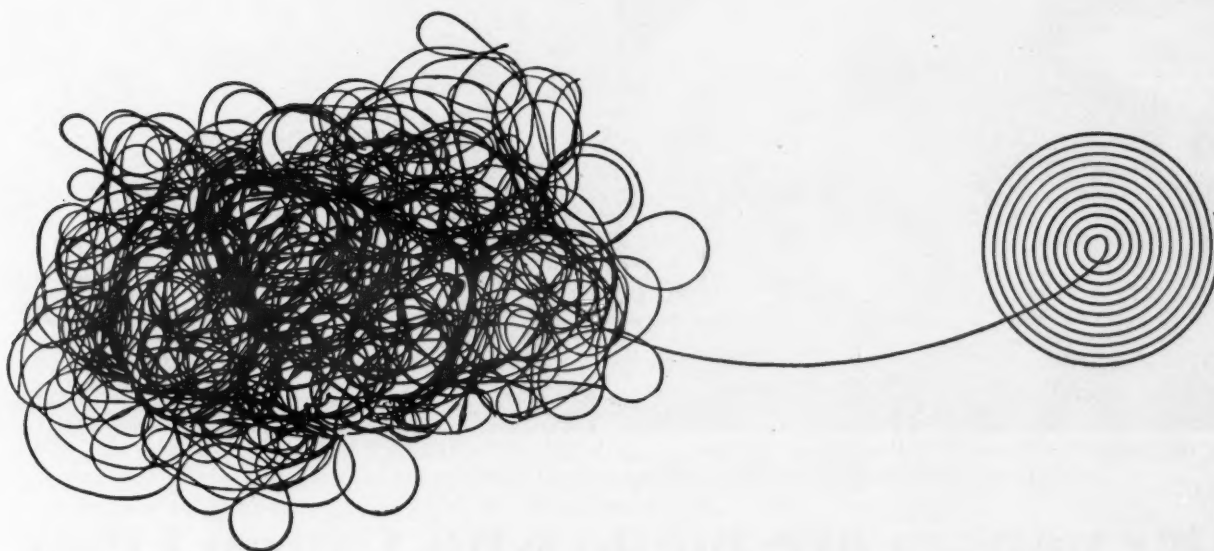
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# MANAGEMENT METHODS

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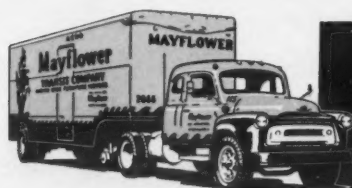


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**Policy re manuscripts:** The object of MANAGEMENT METHODS is to offer practical solutions to administrative problems. For that reason we never highlight a problem without offering at least a partial solution or a recommended course of action. Whenever possible, we like to offer the reader something he can do right now to correct a procedure or solve a problem in his business.

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MAY 1957

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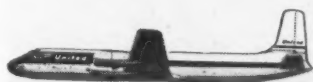
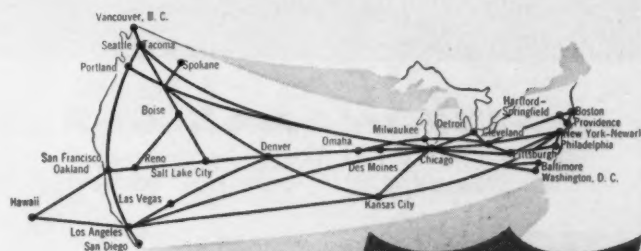
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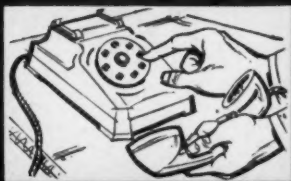
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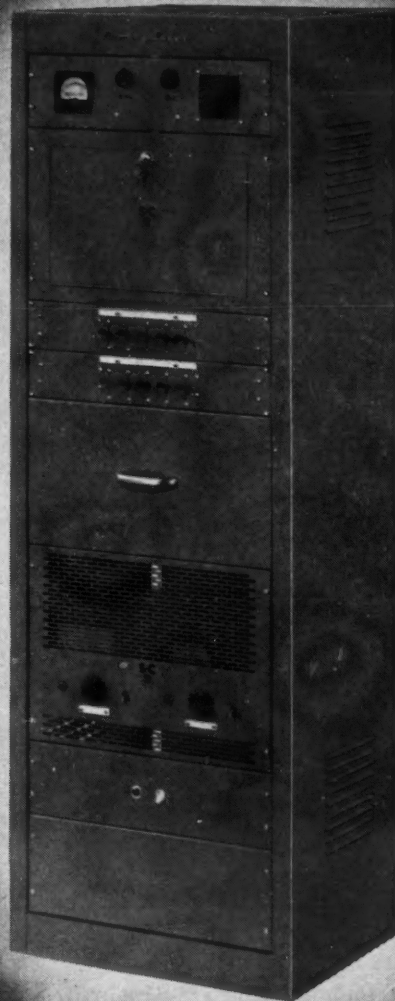


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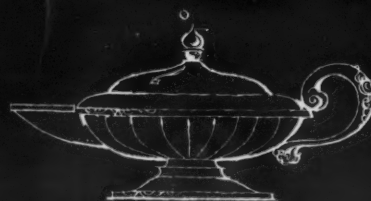
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## **Oxford PENDAFLEX® saves time and space at GRUMMAN AIRCRAFT**

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No additional filing cabinets needed, either now or in the foreseeable future.

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Total floor space required was reduced from 1250 to 1150 square feet.

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Wm. N. Robertson, Manager of Procurement for Grumman, writes "We have gained space, speed and accuracy. Oxford Pendaflex has exceeded the claims in your proposal."

Oxford Pendaflex Middle Digit is one of the NEW Oxford filing methods that have broken a 30-year inertia in filing progress.

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**Oxford Filing Supply Co., Inc.**  
16 Clinton Road, Garden City, N.Y.

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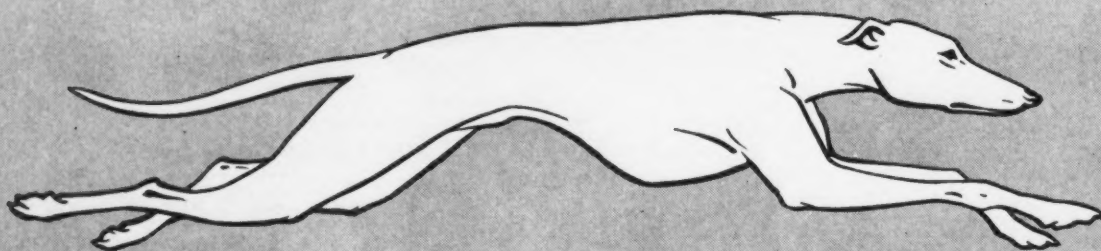
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For free copy of "Plant Location Services" pamphlet, or for more details on 100% financing, write or call: Pennsylvania Department of Commerce  
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MANAGEMENT METHODS





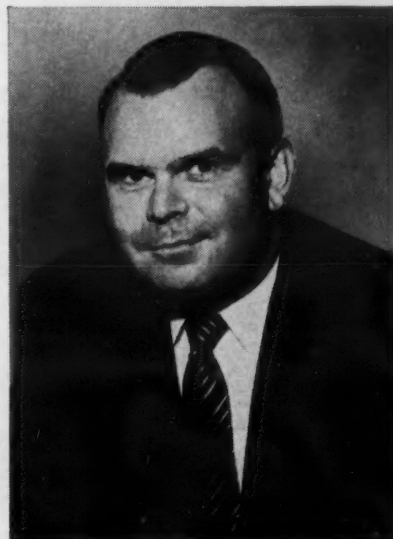
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*Robert G. Rowe*—

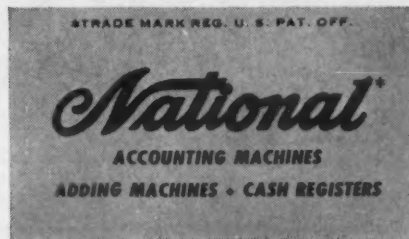
Treasurer, Centex Construction Company, Inc.

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989 OFFICES IN 94 COUNTRIES

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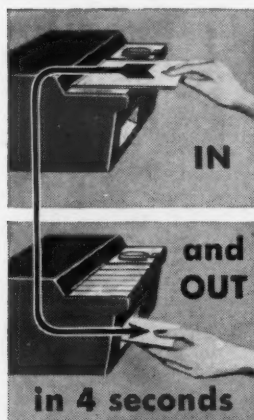


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## point and counter point

### LETTERS TO THE EDITOR

#### Feeding employees

SIR: We have read with great interest your excellent treatment of the Socony Mobil dining rooms in their new mid-town building. It has occurred to us that your readers might like to know an interesting statistic which dramatically illustrates the success of this installation from both the management and employee points of view.

In the seven months since this feeding facility has been in operation, over 90% of Socony Mobil employees and executives have been eating here.

DAVID J. BERGE  
EXECUTIVE VICE PRESIDENT  
THE BRASS RAIL, INC.  
NEW YORK CITY

#### Authentic quote

SIR: In the February issue of *MANAGEMENT METHODS*, your article "Profile of a New Kind of Manager" carries a paragraph which purportedly is a quote by Walter Reuther: "Time study, like the machine, is a product of industrial society and is here to stay until an alternative method superior to it can be found. Unions, or for that matter, anyone who denounces time study and refuses to participate in its use must bear the responsibility of either furnishing a superior alternative technique for measuring work or of appearing to be irresponsible."

If it is possible . . . I'd like to have some authentication that it actually was his statement.

R. G. HUMMER  
GENERAL MANAGER  
FOLDING CARRIER CORP.  
OKLAHOMA CITY

■ The statement is excerpted from a document published by the Time Study and Engineering Department of the International UAW-CIO and titled "A Guide to the Principles of Time Study." This manual was designed to acquaint local UAW unions with time studies and the principles which apply in their conduct. The manual carries a "Foreword" by Reuther, then International President, UAW-CIO. EDITOR

#### Look before you leap

SIR: I read with extreme interest the article in the April issue entitled "Look before you leap to the suburbs" by William F. Lotz, Jr. Much has been



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IN A SINGLE DESK

*For example —*

The Friden Computyper delivers complete invoices at rate of 10 digits per second. Typist-operator enters only heading, quantity, unit price, etc. The Computyper figures extensions, additions, deductions and totals. Calculating and recording of calculations are automatic.

Inventory, cost analysis, sales distribution and other statistics are systemized similarly by the Computyper.

• Shown above is Model C Computyper, an IDP Tape-Talk (common language) machine with automatic tape-punch and reader. It produces and interprets punched tape or edge-punch cards, thus makes possible automatic transfer of data to punched cards or accounting records by other IDP machines. Also available: model B, without tape punch or reader. Set up a demonstration appointment with your nearby Friden Man.



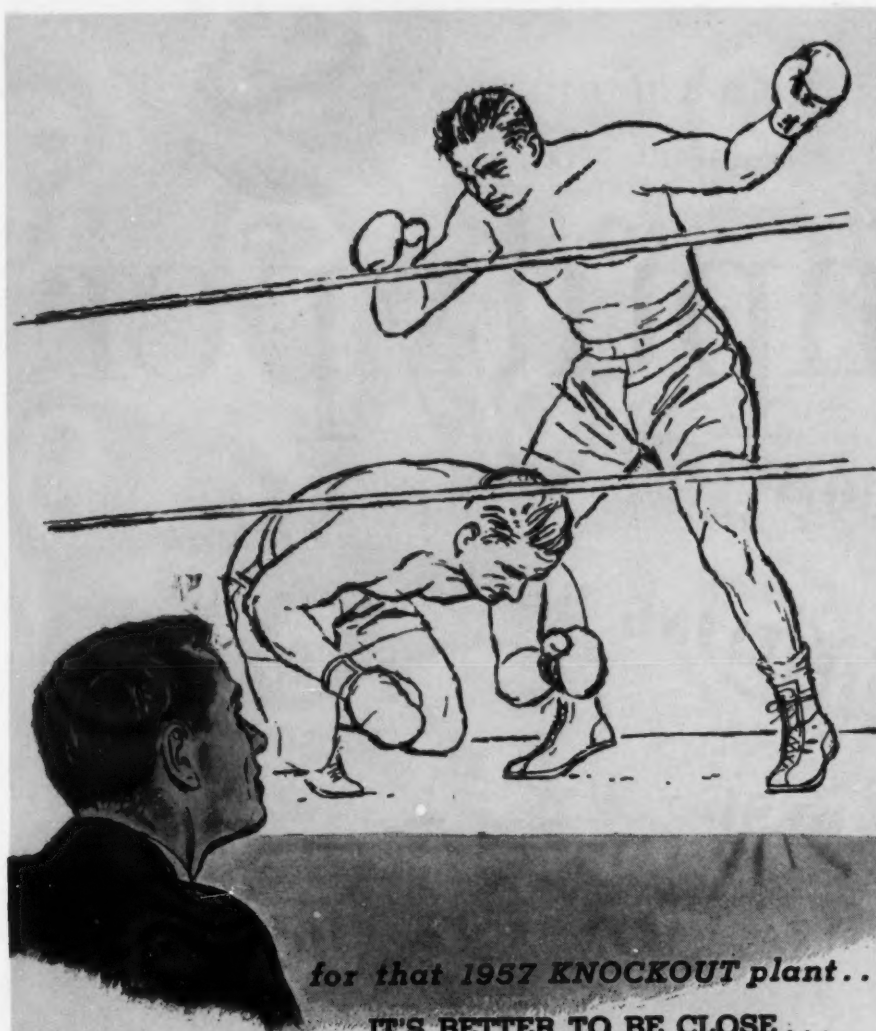
## Friden

brings you an automatic office

©Friden Calculating Machine Co., Inc., San Leandro, California  
... sales, instruction, service throughout U.S. and world.  
Commercial Controls Corporation, Rochester, N. Y., Subsidiary.

(Circle number 276 for more information)



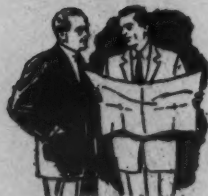


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 CHICAGO 7—WABash 2-2211

(Circle number 277 for more information)

written recently pertaining to the advantages of avoiding the high taxes and crowded conditions of our large cities by moving plants and offices into the suburbs. The other side of the question "to move or not to move" has been somewhat neglected. Mr. Lotz's article filled this gap very neatly.

As pointed out in the article, there can be no "pat" answer to the city vs. suburb question. Each firm must study the problem in relation to its special needs and requirements. A detailed investigation into all of the influencing factors mentioned by Mr. Lotz is a necessary prerequisite to a sound decision. A superficial survey which ignores or fails to fully explore any pertinent fact can be disastrous.

"Look before you leap" is another example of your commendable editorial policy of providing your readers with practical solutions to management problems. Congratulations on a consistently fine job.

ROBERT W. GEARY  
 ASSISTANT TO THE PRESIDENT  
 LEAHY & CO., NEW YORK CITY

**Poor taste?**

SIR: Your front on *MANAGEMENT METHODS* for March 1957 is not only in poor taste, but certainly gives young men in business a false impression of what it takes to become successful.

If either Rockwell Jr. or Sr. have a desk so cluttered as shown in these pictures, I certainly feel sorry for them, as I have often heard and firmly believe a cluttered desk indicates a cluttered mind.

I do hope your taste will improve on future issues, unless of course you want to insert a cigaret ad and sell the front page for this revenue.

RUSSELL W. CARR, C.P.A.  
 VON TOBEL AND CARR  
 DENVER

■ Away with old fashioned notions of what constitutes success! While others toil at relating company growth indexes, figures-in-the-black, and production quantities to a man's success (or failure), comes now a suggestion of penetrating insight. Why not relate the state of a man's desk to his situation in life? How simple—how uniquely conceived! Are your papers neatly stacked? Pencils sharpened (and in a row)? Has the ashtray been emptied? What's that? "Production is off two points from this time last season?" Never mind. The pure in heart will always win. Is not success assured: Your desk is neat and orderly. There is a sigh that often goes up within the mossy walls of management research institutions: "My kingdom for a significant correlation . . ."

EDITOR

MANAGEMENT METHODS



# WORK SMARTER...NOT HARDER!

USE *Electronic Longhand*...

... to deliver your messages  
— instantly ... accurately ... in writing —  
with copies to all concerned.

Once and for all — end costly delays of inefficient messenger, expediting or stock-chasing systems ... put a stop to interruptions of important work ... wipe out the mistakes of oral communication. Easily used by anyone,

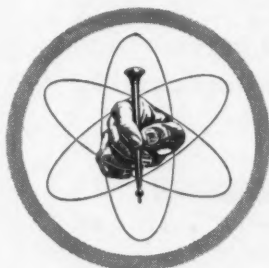
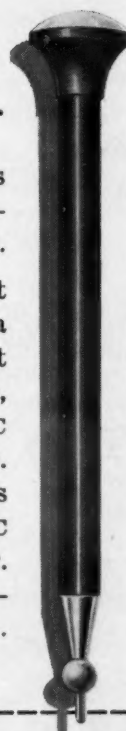
TelAutograph\* telescriber systems of ELECTRONIC LONGHAND cut overhead, speed workflow, boost efficiency.

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TYPE OF BUSINESS \_\_\_\_\_

TELAUTOGRAPH CORPORATION • 8700 Bellanca Ave., Los Angeles 45, California Dept. B

(Circle number 278 for more information)

# Are management training programs

Most firms agree they can't afford to ignore the back-to-school movement among executives. Surging enrollment in seminars, conferences and campus courses is in itself evidence of value received.

Leaders may be born, not made, but today's forward-thinking corporations aren't taking any chances. In increasing numbers they're encouraging both junior and senior executives to participate in outside training programs.

## WHAT THEY SAID

1. To how many business, professional, or trade associations do you belong?

NONE	6.2%
1 to 3	37.5%
4 to 6	37.7%
7 to 10	18.6%

2. In how many of these groups do you take an active part?

NONE	18.8%
1 to 3	62.5%
4 to 6	6.2%
7 to 10	12.5%

3. Does your company have an internal training or development program for management people?

YES	44.5%
NO	55.5%

4. Does your company ever ask or instruct its management people to take part in internal or external training programs?

YES	55.5%
NO	44.5%

5. Aside from regular association meetings, how many outside training programs, conferences, conventions, etc., have you attended in the last year?

### LOCAL PROGRAMS

NONE	43.7%
1 to 4	30.0%
5 to 9	6.3%
10 to 15	20.0%

### PROGRAMS REQUIRING EXTRA TRAVEL

NONE	25.1%
1 to 3	56.2%
4 to 6	6.2%
7 to 10	12.5%

6. When people in your company attend training programs, conferences, and so on, how much of the expense does the company ordinarily cover?

ALL	98.0%
PART	2.0%



## is worth it?

To find out just how far this back-to-school movement has gone and what corporations feel they're getting out of it, MANAGEMENT METHODS surveyed a cross-section of representative business firms throughout the country.

What emerges from the survey is a kind of follow-the-leader pattern. If the company president goes in for outside activities such as American Management Association study groups, it's a fair bet that the vice presidents and department heads won't be far behind. Conversely, if the president is lukewarm to outside management training, chances are his subordinates aren't gracing any seminars either.

But these stay-at-homes are in the minority. Only 6.2% of the respondents to MM's survey stated that they were non-joiners, belonging to no business, professional or trade associations. Those who were members of from one to three organizations made up 37.5% of the total, with almost the same number, 37.7%, listing memberships in from four to six groups. A surprisingly large percentage, 18.6, professed membership in from seven to ten organizations but of these, 6.1% admitted that they were not active participants in all the activities available to them.

On the other hand, of the grand total of 75.2% of the companies belonging to from one to six outside groups, 68.7% reported to MM that they played an active role in these organizations.

### External programs

Last year some 75,000 executives attended more than 800 American Management Association meetings, conferences and seminars. Colleges and universities, too, have gotten into the act with a growing number offering courses to senior and junior executives. Topics studied

*There's more to  
a Sound System  
than simply  
getting attention!*



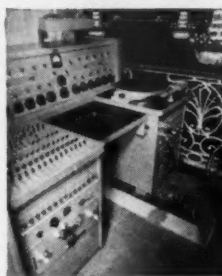
**MUCH MORE!** For instance, a well-engineered DuKane central sound system permits a number of time-saving and safety benefits for plant and office. Most important...

**VOICE PAGING • EVACUATION ALARM • PLANT PROTECTION  
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*and other leaders across the nation!*



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CALL SYSTEMS • MICROMATIC SOUND SLIDEFILM PROJECTORS**  
*and electronics for the armed forces.*

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FIRM \_\_\_\_\_

Circle number 280 for more information

# HOW **XEROGRAPHY** and offset duplicating save **\$500,000** a year for the U.S. Army Signal Corps...

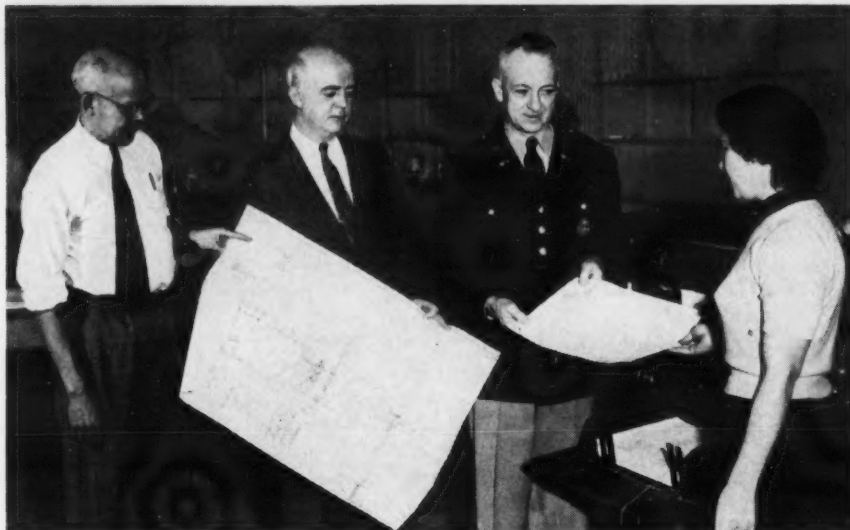


Photo shows typical 24"x36" drawing. Subject is reduced onto offset paper master (right) by xerography to 11"x17" size for runoff of multiple copies on offset duplicator.

The Army Signal Supply Agency, Philadelphia, Pa., is saving more than \$500,000 annually by the use of xerography and offset duplicating in reproducing engineering drawings for invitations for bids.

Approximately 200,000 invitations are mailed each year to some 15,000 suppliers. Each invitation contains documents setting forth contractual conditions, specifications, and drawings describing the item desired.

Understandably, turning out the necessary paperwork duplicating and multiple copies of drawings is an important phase of procurement. Under the former method, drawings varied in size from 8"x10½" to 24"x36". Blueprints had to be hand-trimmed and hand-collated, and the consequent assembly of hundreds of sheets of different sizes necessitated special packaging for mailing. Requirements usually exceeded the Agency's reproduction capacity, thereby requiring other facilities and the loss of control.

With XeroX® copying equipment, all drawings are reduced to standard 11"x17"

size onto offset paper masters, from which multiple copies are run off on offset duplicators using precut paper. The reduced size drawings are crisply sharp, easier to handle, can be collated by machine, and are 75% lighter in weight, thus reducing postage.

For the Army Signal Corps' dramatic mortar locator, the MPQ-10, for example, 65 suppliers were solicited, each receiving 1,973 drawings or a total of 128,245. The reproduction method formerly used would have required 250 manhours at a cost of \$6,040. Using xerography and offset duplicating, job time was reduced to 107 hours and cost only \$2,180.

Let us show you with facts and figures how xerography is cutting duplicating costs in business, industry, and government for all types of paperwork duplicating.

WRITE for proof-of-performance folders showing how xerography is saving time and thousands of dollars for companies of all kinds, large and small.

**THE HALOID COMPANY**  
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Branch offices in principal U.S. cities and Toronto

# HALOID XEROX®



Xerography copies anything written, printed, typed, or drawn. Same, enlarged or reduced size.

Copies onto all kinds of masters—paper, metal, spirit, translucent—for duplicating. Copies line and halftone subjects.

include the principles, skills and tools of management, covering such fields as finance, manufacturing, marketing and, more recently, electronic data processing. Courses are frequently supplemented with workshops where "students" get an opportunity to pool their experience and knowledge and evolve solutions to problems of concern to their individual companies. The time consumed by such programs varies from a few hours to a full year.

All firms answering MM's questionnaire rated their policies as "easy" or "reasonable" in establishing rules governing time and money spent on outside programs. Almost all pay full expenses for their people.

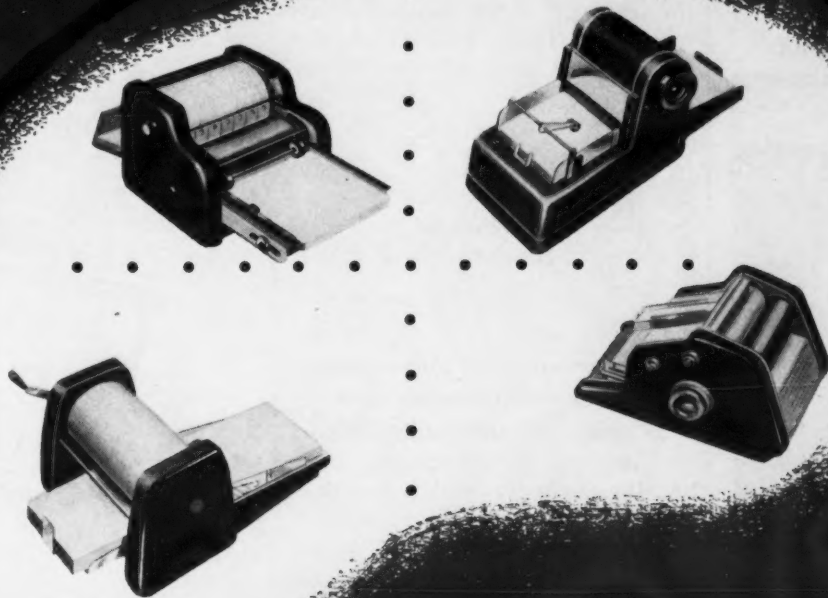
Proof that companies feel that participation in external management programs is worthwhile is seen in the number of firms that regularly send representatives to out-of-town conferences in addition to having staff members attend local meetings.

A majority, 56.2%, of the responding executives attend from one to three out-of-town meetings annually, while another 18.7% attend from four to ten such meetings each year. In every case, the replies indicated that each program is carefully evaluated and the trips are in no sense mere business holidays.

## Internal programs

Another method of preparing executives for more responsible positions is the internal management development program. While the number of surveyed firms that have established such programs (44.5%) is not a majority, internal programs are still a significant part of the management training picture. With the current shortage of able top-level executives, corporations of all sizes are realizing that if they want tomorrow's executives to know their business, it's a good investment for the firm to turn school teacher and train them itself. Indeed, 55.5% of the firms queried stated that they "ask or instruct" specific employees to participate in either internal training programs or outside courses.

Back in the so-called "good ol' days," when a man got his college



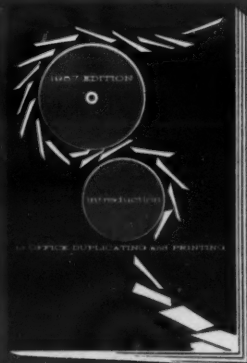
## bothered by running problems on your office duplicating equipment?

Whatever the running problems facing you in connection with your office duplicating equipment — be it offset, mimeo, spirit duplicating or relief printing—Eastern Corporation can provide you with the key to a smoother operation.

Eastern has just published a remarkably handy book entitled, "*Introduction to Office Duplicating and Printing*," designed to help you get best results from your equipment. Written in simple, non-technical

language, this informative manual familiarizes you with the "mechanics" of every method of office duplicating, and the specific paper requirements for each. Liberally illustrated and jam-packed with helpful operating hints, the book is "required reading" if maximum production efficiency is your goal.

Should you be interested in obtaining a copy, simply get in touch with your nearest Merchant for Eastern Atlantic Papers.



# Atlantic Papers

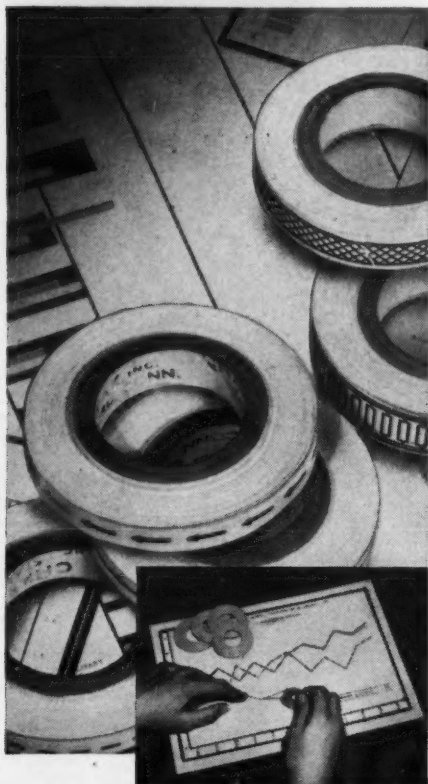
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You can get tapes—opaque and transparent—from 1/32" to 2" wide—in 14 colors—over 60 printed patterns and designs.

There's also a wide assortment of office templates, form and flow symbols and pictographs.

There are plastic reusable work boards in transparent and opaque plastics, with printed reproducible or non-reproducible grids to aid in laying out the material.



The Versatile Draftsman

**CHART-PAK, INC.**

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Please give the name of the local supplier from whom you would like to buy Chart-Pak material \_\_\_\_\_

(Circle number 283 for more information)

diploma he generally ventured forth into the business world with the feeling that his classroom days were over. Today his real business education is probably just beginning.

WHAT  
THEY  
SAID

**A review of  
current surveys**

**Temperature not only cause  
of air conditioning increase**

Commercial and industrial air conditioning is becoming a competitive necessity—and not only in the hotter regions of the country.

A survey was conducted among 50 public utilities to determine relative demand in various sections on water tonnage for air conditioning equipment. From the survey results, these conclusions were drawn:

Increases in use of commercial and industrial air conditioning are generally greater throughout the South. But differences between southern and other sections are not great enough to indicate that outside temperature is alone responsible for the growing use of cooling equipment. One highlight of the survey is a finding showing an obvious trend toward air conditioning in areas with mild climates.

**West shows upswing**

Northern California, and the metropolitan areas of San Francisco and Seattle all showed marked upswings in air conditioning installations, for example. A reason cited: internal heat loads in modern buildings created by human occupants, lighting, cooking and operation of electrical devices.

Similar factors prevail in the East. Of interest: commercial cooling equivalent to the melting of 550 million pounds of ice daily in New York's Borough of Manhattan.

Trend in large office buildings and business establishments is away from the window-box units and toward the centrally engineered system with water conservation devices.

**time**

you don't have to **DO** it  
to **KNOW** it's important!



for complete details on modern

**TIME** | **KEEPING  
SAVING  
RECORDING** **EQUIPMENT**

write  
**Shromberg** **TIME**  
Thomaston, Connecticut CORPORATION

(Circle number 284 for more information)

**TO  
EXECUTIVES**

**Who are "Thinking California"**

If your expansion plans include consideration of a California plant, you will find the Factfile and Data Sheet service now available through the Metropolitan Oakland Area (Alameda County) of value. It consists of a special File Folder and Data Sheets on such basics as Climate, Markets, Transportation, Distribution, Living Conditions and Labor Supply.

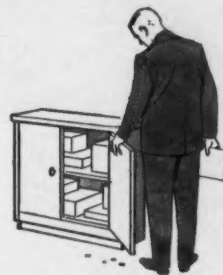
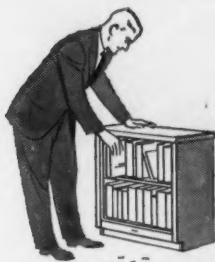
Data Sheets are supplemented by an outline of specific information available through Special Reports compiled from the Industrial Survey maintained by the area. New Data Sheets are issued from time to time. As new information develops, Data Sheets are revised to bring them up to date and mailed to those who have the Factfile.

To take advantage of this free information service, address your request to: Alameda County New Industries Committee, Suite A, 1320 Webster Street, Oakland, California.

(Circle number 285 for more information)

**MANAGEMENT METHODS**

# GREAT ON THEIR OWN...



## PERFECT TOGETHER!



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You'll discover there's no finer way to increase the modern appearance and efficiency of your office than with individual "Correlation" units. There are custom-styled desks and companion units to meet every need. But wait until you need extra desk top space—or new multi-unit work stations. *Then* you'll know why we named it *Correlation*! You can quickly and easily add extended tops, bookshelf or storage units to basic desks. Or establish an almost endless variety of correlated multi-unit arrangements that save floor space and spark efficiency.

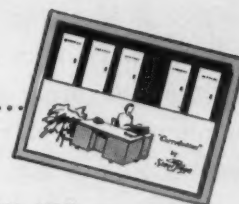
Obviously, *Correlation* adds up to more mileage from your office furniture dollar. But get the complete story by calling a Steel Age Dealer, or mail the coupon for the idea-packed *Correlation* brochure . . . *today!*

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*"The Quality Choice of Modern Offices"*

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Please send me a free copy  
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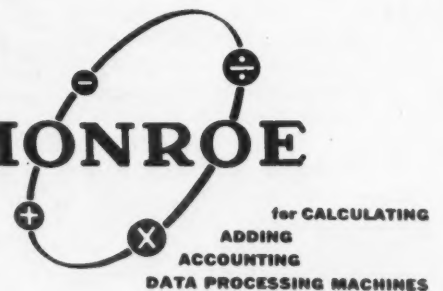
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## *The New* **MONROE** *President*

With its stunning new President model, Monroe introduces more than a new accounting machine... Monroe establishes an entirely new ratio between what you pay and what you get in machine accounting. Now, for the first time, *any* business can enjoy all the benefits of *big business bookkeeping* at a price actually hundreds of dollars less than before! And job changing flexibility is built right into every model in the President line. With the flick of a knob accounts receivable, payroll, cost control, accounts payable... all become mechanized operations. Look at the price tag on this machine. Then put your own price tag on what machine accounting can do for you. Speed receivables by getting statements out faster. Build prestige with neat looking records. Put credit data at your fingertips. Control your work so it flows easily and always accurately. Write or telephone Monroe Calculating Machine Company, Inc. General offices: Orange, N. J. Offices throughout the world.

See the MAN from **MONROE**



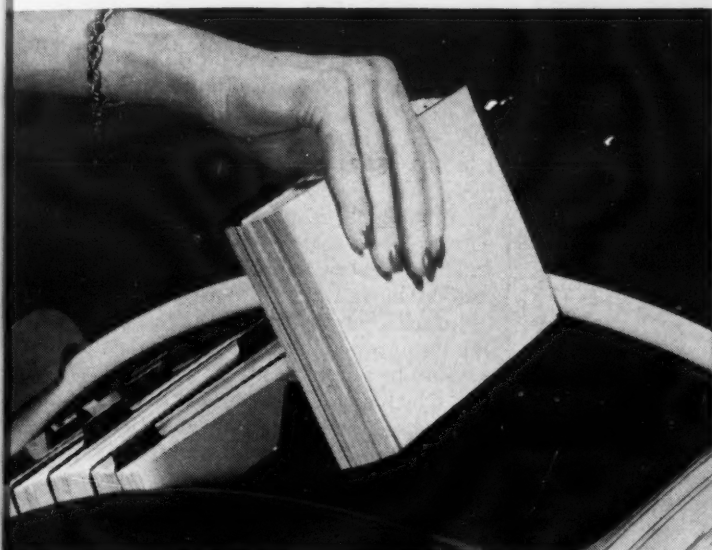
MANAGEMENT METHODS



*This is the rotary card file you hoped they'd make . . . someday!*



1. **USES PRESENT CARDS.** With amazing Mosler Revo-File, no costly transposition is needed. You save an average of \$200 in change-over costs, plus big savings in time, space, money over old-fashioned filing.



**REMOVE OR REFILE ONE CARD OR HUNDREDS** instantly. Mosler Revo-File holds cards without mechanical attachment. No wear on card or clerk. Ups efficiency. Gives real finger-tip control.



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**FILING IS FASTER, REFERENCE IS QUICKER** with Mosler Revo-File as "cards come to clerk" instead of clerk going to cards . . . 68 linear inches of filing capacity in a handsome cabinet only 36 inches long. Available in manual and automatic electric selector models.

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*For big volume filing Mosler Roto-File can accommodate more than 80,000 cards . . . has all the exclusive features of Mosler Revo-File. Several clerks can work at same time.*

Another fine  
product of  
**The MOSLER  
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**FREE!**



**HOW TO MODERNIZE AN ACTIVE CARD FILE IN MINUTES.**

If you have 3,000 or more active card records of any type or size (including tabulating cards) which are used continuously for reference and posting, mail this coupon today!

Department MM-199, REVO-FILE DIVISION,  
THE MOSLER SAFE CO., 320 Fifth Ave., New York 1, N.Y.

Please send me complete information on Mosler Revo-File and how to modernize an active card file in minutes.

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COMPANY \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_ ZONE \_\_\_\_\_ STATE \_\_\_\_\_

(Circle number 288 for more information)

Overheard at the water cooler:



"... so I said to the foreman, 'Relax dearie, I can't produce all the time. A girl needs a bit of care and repair ... I'm not a Westinghouse Water Cooler you know!'"

## WESTINGHOUSE WATER COOLERS SPARE YOU CARE AND REPAIR!

**Word gets around** about Westinghouse Water Coolers. They're famous for dependable, trouble-free service year after year. That's why you see more of them than any other kind wherever you go. Designed and built to spare you care and repair, a water cooler by Westinghouse offers you far more for your money inside and out...

**Dual Drink Control** offers both fingertip and toe-tip control at no extra cost. Automatic Stream-height Regulator assures no-spurt, no-splash drinking. Her-

metically-sealed Refrigeration System means more years of service-free performance. Backed by Westinghouse 5-Year Guarantee Plan. Call your Westinghouse Distributor listed in the Yellow Pages for complete information. Or write to Westinghouse Electric Corp., R. S. Division, Springfield 2, Massachusetts.

**New Leakproof Free-Flow Valve** has no stem packing to leak, works easier, faster!

17 models to choose from including exciting new HOT and COLD... prices from \$149.95.



**YOU CAN BE SURE...IF IT'S Westinghouse**

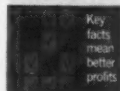
(Circle number 289 for more information)



too good  
to miss

### How to handle government questionnaires

Nation's Business



Westinghouse's new line of water coolers is a real answer to the problem of providing clean, cool water for your business.

Everybody agrees that something ought to be done to curtail the incredible volume of reports, records and questionnaires that business fills out for Washington agencies at a cost of more than \$200 million a year. But fur starts flying when you nominate one particular report for oblivion.

Despite the obstacles, some progress has already been made by a handful of dedicated business executives and government officials who have tackled the paperwork problem with political realism and persistence.

These paperwork fighters say future results depend to a large extent on the intelligent cooperation of individual businessmen who are in the best position to pinpoint targets. . . . Two tips which may be of immediate use in reducing the paperwork burden:

1. "When you are in doubt about what is actually required of you, resolve the doubt to your own advantage. Do it the easiest, simplest way that you can.

2. "In cases where the reporting requirement is not consistent with the manner in which you maintain your records, report the data you do have. You may be surprised how often it will prove to be acceptable."

*Nation's Business, March 1957.*

### How small business can use college management counsel



The small manufacturer who needs advice on some business problem may not realize that competent professional assistance is as accessible to him as the nearest college or university school of business. . . .

Several types of groups have been formed in business schools to study business problems. A number of the larger schools maintain *bureaus of business research*.

Here are some typical examples of business management in which the school of business can usually offer help:

1. Form of organization.

MANAGEMENT METHODS



2. Sales management and marketing.

3. Selection and use of personnel.

4. Shop and factory management.

5. Accounting and recordkeeping.

6. General administrative practices.

7. Finance and economic analysis.

If outside counseling sounds like a good idea, how do you get started in utilizing the facilities of college business schools?

First, define in your own mind the areas in which you need the counsel. Just what are the problems? Then . . . you should describe the situation as thoroughly as practicable in a letter to the dean or head of the business faculty of the university or college. Then arrange a personal conference, if possible. . . .

Either during your initial talk with the college representative, or after the pilot study, definite decisions must be made as to: how many people are actually assigned to the work; the beginning, completion and final reporting date; and either a definite fee or a price range and ceiling.

Hilton D. Shepherd, personnel and management consultant, in *Michigan Business Review*, March 1957.

#### How to determine cost of fringe benefits



For the past 16 months various organizations representing . . . employees have been negotiating . . . with management for wage increases and supplementary benefits. At the time the original overture was made by employees, the writer was asked to determine the effect of any potential negotiated increases. . . .

The formula was devised by taking the total . . . salaries less administrative employees and from that, determine an average annual salary. After determining the average annual salary, the structure is further broken down into an average hourly rate based on 2,080 hours of productive time per year. Next, all of the possible benefits are listed. The next step is to determine the dollar value of the various benefits and in so doing, determine the percentage of the average annual salaries. This will enable one, by the addition of the various percentages, to determine an over-all percentage of total benefits which can be used to determine the total cost of fringe benefits as against the total salary budget.

E. F. Olszewski, Business Manager, Mountain View Sanatorium, in *Hospital Accounting*, March 1957.

# New Development Reduces Lost Time in "Coffee Breaks"!

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## NESTLÉ'S Finest Instant Drinks Now in Individual Servings for Vending on the Job!

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Exclusive 3-in-1 pack contains famous Nescafé Instant Coffee, Nescreme (an instant dairy product for use in coffee) and sugar.

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③ **NESTLÉ'S HIGH PROTEIN BOUILLON DRINKS.** Delicious! High in protein, low in calories — for a quick pick-up! BEEF or CHICKEN. Two crisp crackers included.

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The Nestlé Company, Inc.,  
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Please send, without obligation, more information on Nestlé's vend-packs and the dispensing machines.

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(Circle number 290 for more information)





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For a complete—a *convincing*—demonstration, see the Sensimatic in action at our nearby branch office. Six series, 2 to 19 totals, to choose from. Burroughs Corporation, Detroit 32, Michigan.

"Burroughs" and "Sensimatic"—Reg. TM's.

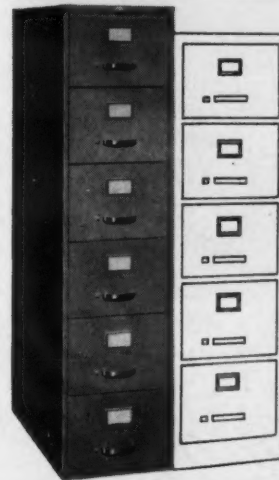
**BURROUGHS SENSIMATIC ACCOUNTING MACHINES**

(Circle number 291 for more information)

Newest Answer to Office Space Problems...

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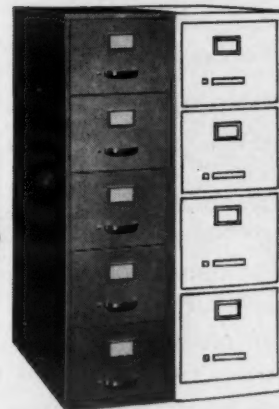
...an extra drawer in every cabinet...



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**GAIN  
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floor area

In a cubic area no wider, no deeper and usually *no higher* than ordinary files, the Multi-File space-saver does two things.

First, it cuts the floor space cost of the filing function, at the same time releasing valuable office floor space for other uses.

Second, it speeds up office operation by placing more records within a given area.

Here, in files, is the newest expression of the space-saving principles so important in Art Metal's service to business.

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Counter-type installations now provide 4-drawer files instead of 3, in the exact same height.

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## NOW IS THE TIME

... to regain costly office floor space by modernizing your filing equipment. Consult your local representative —listed in the "Yellow Pages"—or write  
Art Metal Construction Company, Jamestown 4, N. Y.



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offices finer  
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(Circle number 293 for more information)

## tax quiz

## RECENT COURT CASES

by Benjamin Newman

Tax Attorney, Koenig and Bachner, New York.

### THE QUESTION

*Can transfers of property within three years prior to date of death be included in deceased's gross estate for estate tax purposes?*

**THE FACTS**—Approximately one year prior to her death at the age of 80, Mrs. Sheldon transferred cash and securities to her daughter and, in addition, placed cash securities in trust for her daughter.

Under the Internal Revenue Code, transfers of property made within three years from date of death are presumed made in contemplation of death. Transfers of this kind are included in a deceased's gross estate and subject to estate tax. It was the Commissioner of Internal Revenue's contention in this case that Mrs. Sheldon's transfers were made in contemplation of death.

**THE RULING**—Transfers made with-

in three years of date of death can be at best only presumed to be made in contemplation of death. Evidence may be introduced to rebut such a presumption. The motive in making the transfers as determined from the evidence in the instant case, declared the Tax Court, was to reduce Mrs. Sheldon's income tax. Prior to her death, she was in good health. She came from a family which enjoyed longevity, stated the court. Accordingly, concluded the court, the transfers were held not to have been made in contemplation of death. (*Estate of May Hicks Sheldon, deceased, etc. vs. Commissioner of Internal Revenue, U.S. Tax Court, decided Oct. 31, 1956.*)

### THE QUESTION

*Does the three-year Statute of Limitations apply to an understatement of gross partnership income?*

**THE FACTS**—Taxpayer was in the business of selling and repairing electrical appliances through four retail stores. The stores were operated as a partnership, taxpayer being one of the partners. In computing and reporting his gross income for 1947 and 1948, taxpayer did not include business sales on credit.

The Commissioner of Internal Revenue determined deficiencies for those years and mailed taxpayer the statutory notices of deficiency. However, the deficiency notices were mailed more than three but

less than five years after the returns for those years were filed. Taxpayer's defense was that the three year Statute of Limitations had run and the Commissioner's notice was not now timely.

**THE RULING**—In comparing the unreported sales on credit of the partnership with taxpayer's individual return, the Tax Court noted that taxpayer's share of omitted income was in excess of 25% of his gross income. This was true whether gross income in taxpayer's return represented his distribu-



# A Modern Electric Duplicator at a Moderate Price!...

now Heyer offers push-button  
duplicating at little more than the  
price of some hand-operated machines



**Heyer** AUTOMATIC *Mark II*  
**CONQUEROR**  
SPIRIT DUPLICATOR

**\$299.50**  
Plus Tax

Heyer has broken the price barrier with the new Mark II Conqueror automatic electric spirit duplicator. Every office duplicating job—bulletins, form letters, sales plans, etc.—can be produced much more easily on the new Model 76 Mark II Conqueror, at the rate of 110 clear, crisp copies per minute in 1 to 5 colors . . . at a fraction of a cent per copy. Its constant speed produces better and more uniform copies; it frees the operator so that the copies can be observed; and most important . . . there's no effort on the operator's part, for this new Conqueror runs without watching, and even turns off automatically! You can pay much more if you wish, but the Model 76 offers all this . . . at a price that can't be matched.

Engineering improvements on the Model 76 Mark II Conqueror include a brand-new Feed Drive Mechanism which works only in a forward motion . . . eliminates the lurch found in old-fashioned reciprocal drives. It has new High Precision Clutches and Nylon Gears that are quiet and need no lubrication, plus an 11" and 14" Cylinder Stop. The completely redesigned Motor Drive gives smoother operation, while the conveniently positioned Motor Bar permits effortless fingertip starting. Operating instructions are permanently printed on the Model 76, so anyone can operate it in a jiffy. Feature for feature . . . this Mark II Conqueror is the biggest value in spirit duplicators today!



## MODEL 70 *Mark II* **CONQUEROR**

For those who are looking for a fine quality duplicator at the lowest possible price . . . the hand-operated Model 70 Mark II Conqueror is the perfect buy. It has been completely redesigned too, and now features a new Feed Release Button as well as Paper Stackers, previously found only on the Model 76 automatic electric duplicator. The Model 70 Mark II Conqueror hand-operated duplicator prints up to 110 copies per minute of anything typed, written **\$195.00** or drawn on the master . . . in 1 to 5 colors at once. Plus Tax

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(with the Egly Man!) No wonder, the way he simplified her job by introducing Egly business forms! Look at her desk! Neat as a pin, free of confusing and hard-to-organize stacks of work, free of messy carbons... all set for a good start tomorrow.

The boss "loves" the Egly man, too. Using Egly forms, his department gets more work done with less effort. Because these forms actually "flo" in perfect registration one after another, they save time and increase output.

Time lost lining up sheets is eliminated... so are the many trips to the washroom to remove carbon stains. Egly forms add up to faster, more economical production day after day.

The Egly man can show you how these Egly business forms can streamline your office procedure. Ask him about it today!

**The Egly Register Company Dayton, Ohio**

Leipsic, Ohio • Los Angeles

Egly Continuous Forms Ltd. • Toronto, Montreal

**EGRY**



(Circle number 295 for more information)

tive share of partnership gross income. Accordingly, since taxpayer's gross income was understated by 25%, the five year Statute of Limitations is applicable and the Commissioner is not barred from assessing a deficiency. (*Estate of John Iverson, etc. vs Commissioner of Internal Revenue, U. S. Tax Court, decided February 15, 1957.*)

## THE QUESTION

*Is the income from property presented to a trust that has been set up for the benefit of another person, taxable to the donor of the property?*

**THE FACTS**—Under the terms of a trust created by taxpayer, income from the trust was for the use of his wife. After his death, proceeds were to be paid to his wife. The trust agreement also provided that the trustee could exercise his discretion and pay the net income of the trust to the taxpayer during the latter's life. Taxpayer retained the right to revoke the trust with the consent of his wife. The taxpayer wants to know whether the conditions of the trust will result in having the income derived from the trust taxable to him?

**THE RULING**—Trust income is not taxable to the grantor of a trust if he has divested himself of his rights to the property earning the income. Generally, where a grantor is regarded as the owner of any portion of a trust, the net income of that portion is taxable to him. If the power to revest title to the trust property is retained by the grantor alone, or with one uninterested party, the grantor is treated as the owner of the property.

In the case under consideration, the trustee had the right to distribute the trust income to the grantor for his life. Such a power, declared the Commissioner of Internal Revenue, is considered to be a power to revest title in the grantor. Accordingly, taxpayer-grantor is deemed the owner of the property and the income is taxable to him. (*Revenue Ruling 578, January 1957.*)



... states Mr. John Kuhajek, Assistant Treasurer,  
**ZENITH** Radio Corporation, Chicago, Illinois

Now...we can  
never pay the  
same invoice twice

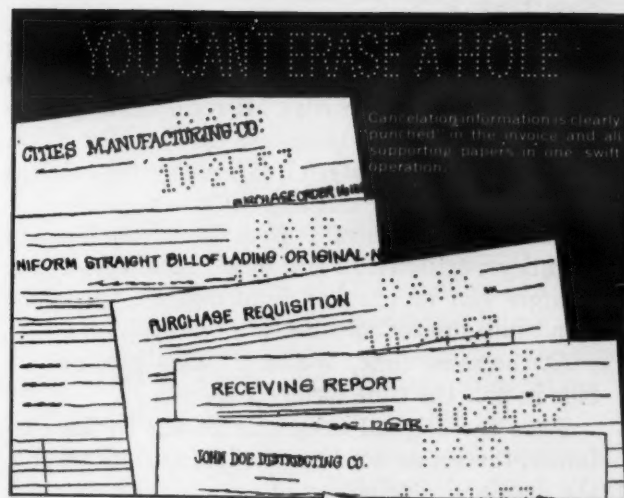
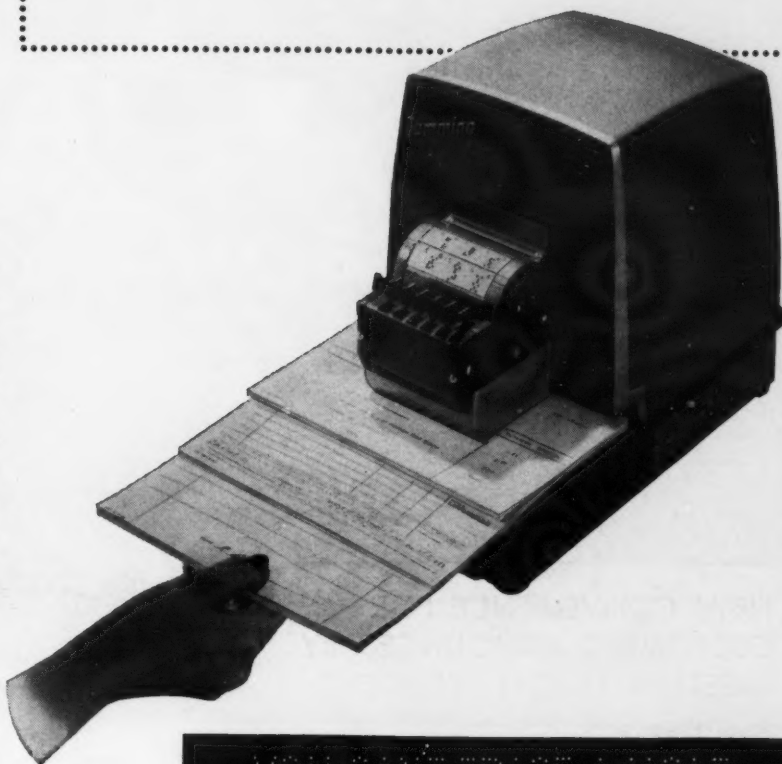
**CUMMINS Perforators Cancel the Entire Invoice Bundle in One Swift Operation . . . Making Altering or Skipping Impossible**

Zenith Radio Corporation, like so many other leading businesses, has eliminated chance of duplicate invoice payments. Their Cummins Perforator cancels each invoice and all supporting papers in one quick punch . . . legibly . . . automatically . . . without error. No chance of skipping copies . . . impossible to alter papers, because you can't erase a hole! This fool-proof machine definitely prevents using uncanceled supporting papers from a paid invoice to support a duplicate of the invoice.

You can use the Cummins Perforator without disrupting or changing your present procedures or employing special help. Easy and convenient to use, too. Feed in the papers, the Perforator cycles automatically in less than  $\frac{1}{3}$  of a second. One operator can perforate many thousands of copies an hour . . . up to 20 copies at a time. And, it can be carried from desk to desk as easily as a typewriter!

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**HERE ARE FACTS  
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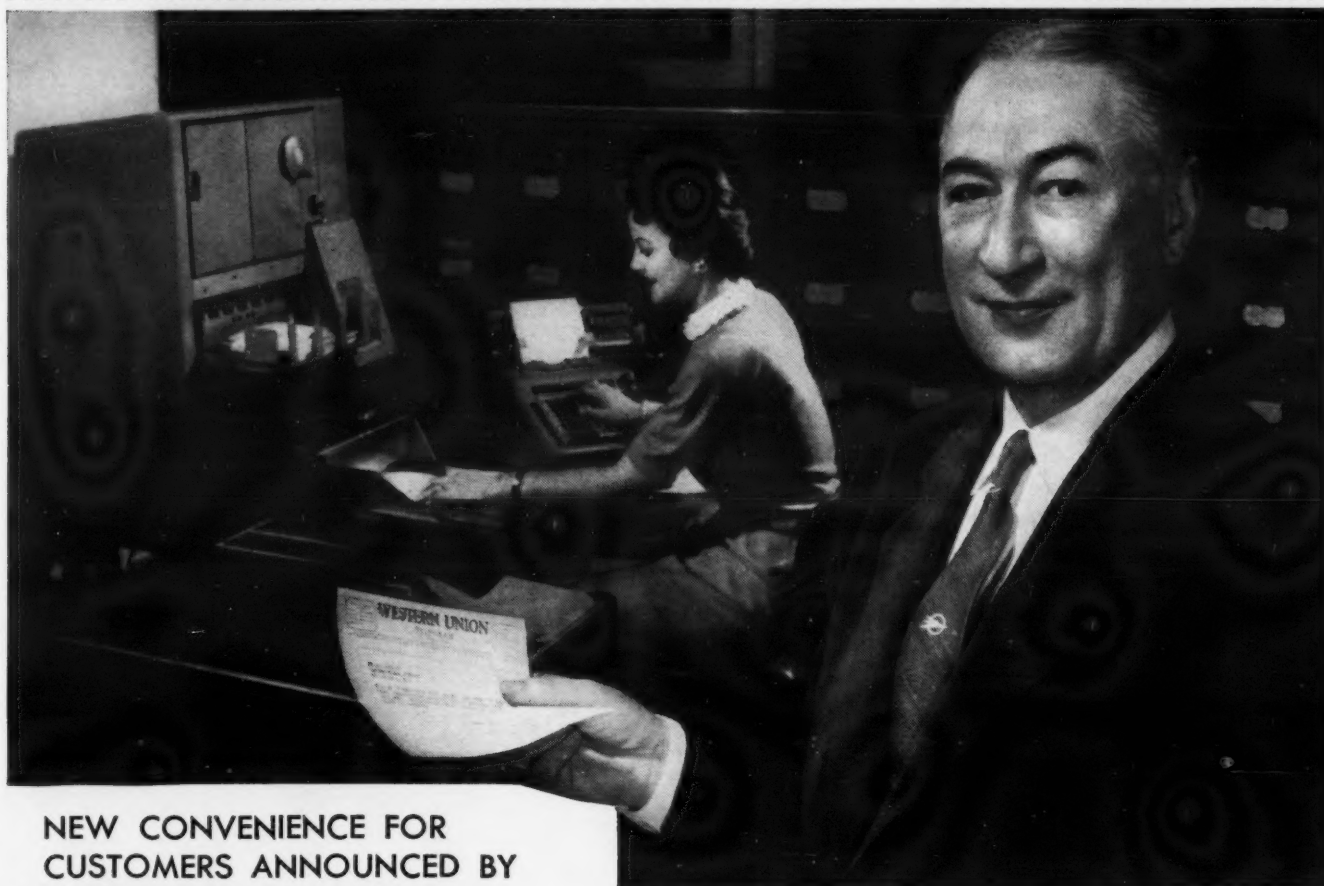
Write for this new booklet "Once is Enough" giving you facts on proper controls to prevent accidental or fraudulent losses.





# Short cuts with Recordak Microfilming

*Latest report on how this low-cost photographic process is simplifying routines for more than 100 different types of business . . . thousands of concerns*



## NEW CONVENIENCE FOR CUSTOMERS ANNOUNCED BY WESTERN UNION PRESIDENT

New York, N. Y.

Mr. W. P. Marshall, President of the Western Union Telegraph Company, revealed that the company is now using Recordak Microfilmers to photograph its customers' telegrams in 56 major cities.

This move lets Western Union return the original telegrams with its monthly bills—a great convenience for customers. It frees them from keeping a bulky verification file of all messages sent. Charges can be checked immediately. Questions about bills are reduced better than 80%.

At the same time, Western Union gets out its bills in half the time formerly spent.

Since the original telegrams go out to the customer, there's no need for the billing clerk to post the date and destination of each wire on the bill. She simply lists the charge with one hand, and with the other feeds the telegram into a Recordak Reliant Microfilmer.

This simple operation gives Western Union accounting centers photographically accurate records—in alphabetical and chronological order—which are filed in 2% of the space required before.

*Mr. W. P. Marshall, President, The Western Union Telegraph Co.*

Films can be checked in a Recordak Film Reader whenever needed—hours of searching saved.

Regardless of your type of business or its size, you should read "Short Cuts that Save Millions." Shows how Recordak Microfilming cuts costs not only in billing but also in your other daily routines.

*"Recordak" is a trademark*

## **RECORDAK**

(Subsidiary of Eastman Kodak Company)

**originator of modern microfilming—  
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(Circle number 297 for more information)

## Why one man is sad at "The Most Happy Fella"



It started out to be a great evening. Dinner with an old customer, aisle seats, a smash first act. But now, at intermission, Gardner has had it. The second act is going to seem like "Macbeth."

You see, that old customer has just told Gardner he's cancelling out. What he needs is a *reliable* supplier. One who can make enough goods — and *deliver* them.

Gardner should know about the Keysort Plant Control Plan! With just five fast, accurate PCP reports — 1 daily, 2 weekly, 2 monthly — he could obtain complete management control . . . could prevent this situation *right in the office*.

PCP not only helps management plan in advance, it helps *you* as well. With a minimum clerical burden, you achieve greater reporting accuracy — flexibly, easily.

Your office people simply punch pertinent daily information into the Keysort cards . . . Keysort them . . . and summarize *direct* to reports. There's no transcribing . . . no costly, time-consuming intermediate steps. Management gets needed information *on time*. And at remarkably low cost.

The nearby McBee man has a presentation which will show you how it's done. Phone him, or write us for illustrated folder containing examples of all five reports.

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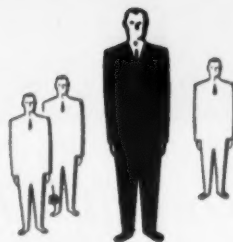


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(Circle number 298 for more information)



# What you should know about your college recruit

When a company hires a college graduate, a future executive is hopefully conceived. But during the incubation period of company training, and the later periods of adjustment to the new "organization environment," the potential executive faces many dangers of stunted management growth. You can reduce the risks and strengthen the investment you've made in your college recruit by applying these facts supplied by the graduates themselves.

## THE MAN

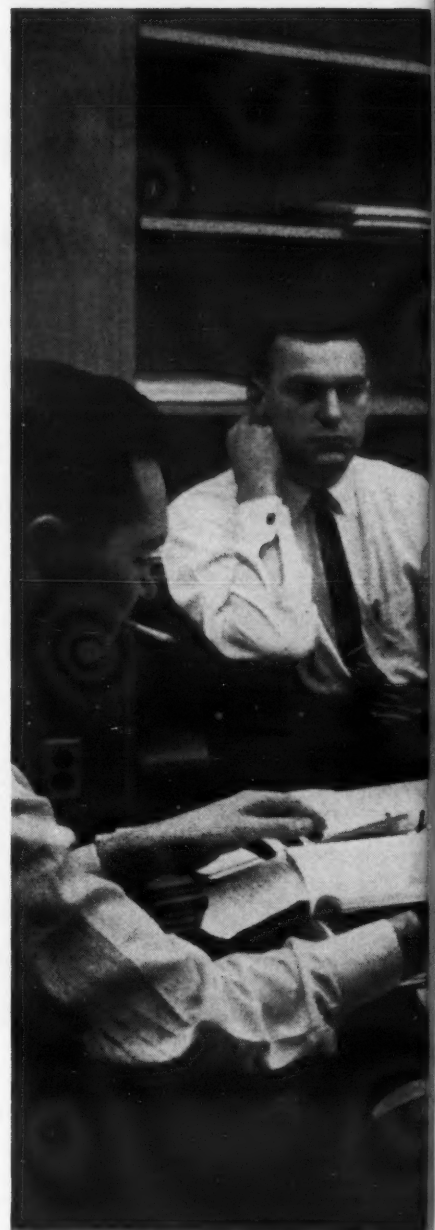
Today's management trainee, launching his career with your company

## THE PROBLEM

How to tap his potential as a useful member of management

## THE ANSWER

Understand his goals, give him the job satisfactions he needs, and guide him in creating a sound management concept



An MM editor (left)

William H. Whyte, Jr., an assistant managing editor of a leading business magazine, has presented a serious indictment against business and the people in it. In his current bestseller, *The Organization Man*, he casts an unflattering hue upon business organizations, educational institutions and the man in between—the graduating student.

Today's young men entering business as management trainees, says Whyte's book, are willing if not anxious to compromise themselves





Photos By Lustig

(left)

interviews Students Schlaepfer and Wendel, Placement Director MacDonald, and Recruiter Bard

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METHODS

on the altar of "the organization." In exchange for sacrificing their individualism (and thus their effectiveness), they seek only security and nice, soft, safe jobs in a collective, bureaucratic atmosphere.

Editor Whyte has stacked up a full volume of evidence in support of his indictment that something has been made defective in the fabric of these young men.

"Listening too long to trainees and personnel men describe the future," he exclaims, "is likely to unnerve one into assuming that the

complete bureaucrat is just about ready to take over."

Despite the fact that there has been a good deal of private criticism of *The Organization Man*, it has stirred relatively little published comment. Thus, in order to check the validity of Whyte's evidence, MANAGEMENT METHODS has undertaken its own extensive research of the campus recruit and his attitudes. The editors have listened long and hard, not only to the trainees and personnel men who have unnerved Whyte, but also to

others who could shed light on the subject: educators, college placement officers, company recruiters and other management representatives.

The findings in MM's research study are reported in the article on the following pages. The findings: Whyte's evidence consists mostly of only that part of the iceberg showing above the water, and thus is misleading. Today's campus recruits are in most respects no different from the young men who were in your own graduating class. But



**These answers show what students look for in a starting job—**

**What factors are most important to you as a student in selecting a company to work for?**

Opportunities for advancement .....	95.7%
Salary .....	42.9
Type of business .....	37.4
Training program .....	34.8
Company reputation .....	30.1
Company location .....	25.8
Security .....	19.4
Company size .....	8.4
Professional reputation of personnel .....	5.8
Fringe benefits .....	5.8
Title or other status symbols .	.9

**What are the negative factors that would have the strongest effect in causing you to reject a company's offer?**

Lower than average salary .	70.1%
No clear definition of job duties .....	65.8
Unsatisfactory location ....	44.3
Personality of recruiter .....	40.5
Job requires travel .....	25.5
Poor fringe benefits .....	17.1
Firm too small .....	10.1
Firm too large .....	9.6

**NOTE:** Answers to each question total more than 100% because students were asked to indicate the three factors they considered of primary importance. Thus the percentage shown for each item indicates the number of students who considered it as among the three most important.

they do have one big problem: lack of a clear perspective of the management function and their place in it. This problem is caused by dynamic changes in the scope of management during recent years, plus the conflicting impressions of management the student is subjected to during his college years.

The facts in the following article will give you a guide to the care and feeding of the management trainee. These facts will help you help him overcome his problem.

The article is based largely on a national survey of students plus direct quotes taken from a tape recorded roundtable discussion conducted by an MM editor at the Wharton School of the University of Pennsylvania. Taking part in the interview were two graduate students—Fred S. Schlaepfer, an industrial relations major, and Richard F. Wendel, a marketing major; a company recruiter—Richard K. Bard, manager of employment for Campbell Soup Co.; and The University of Pennsylvania's director of placement, R. L. MacDonald.

## HOW TO UNDERSTAND YOUR TRAINEE'S GOALS

**Security and the "group life" of a big company are not the average recruit's main goals.**

**I**N THE WEEKS AHEAD, thousands of college graduates, their shoes polished, their suits pressed, will walk into the offices of business and industrial firms, there to launch their management careers.

Presumably, when a company hires a management trainee, its purpose is to develop and equip him to eventually take his place as a fully matured, economic member of the management team.

To achieve this purpose, there are some things you should know about the college recruit who may be joining your company this year. Foremost is the matter of his goals—what he is looking for in his job.

If you have accepted on faith some of the opinions that have

been circulating recently, you may have a one-sided impression of the recruit's attitudes and ambitions. For example, one of the most talked about books on business is the current bestseller, *The Organization Man*. In this book, the author, William Whyte, says the typical trainee's ambitions shape up something like this:

He has no desire to climb to the top (in fact, his thinking is very misty about the top levels of management). Instead, the trainee thinks in terms of going no higher than the upper ranks of middle management. He wants to be successful but not so successful that he will be required to work hard. Once he joins your company, he expects to remain completely loyal, giving little or no thought to the possibility of furthering himself by moving elsewhere. He repels the thought of going into business for himself, in view of the risks.

Security, Whyte states, is among





the recruit's chief desires. The big firm that offers lots of security is far more appealing to him than a smaller firm, even though the small firm may offer a job promising \$15,000 in two years while the big company job will provide only \$8,000 in that time.

Whyte says that his extensive research indicates that the typical trainee relishes a bureaucratic, group life in a big corporation because once there his worries are over and he won't even have to think much because he can simply go along with the majority opinion.

#### Element of truth

A research study just completed by MANAGEMENT METHODS bears out some elements of truth in Whyte's findings. But at the same time it proves that the picture Whyte has drawn of today's college recruit is highly colored and in many respects completely false.

For example, consider Whyte's point that graduates prefer giant firms because these firms offer more security even though less pay. Tab-

ulation of MM's student survey\* shows that three-fourths of the respondents do indeed feel that big firms hold the edge in recruiting top candidates—but not because of security (see chart page 79). Of those who hold this opinion, 45% said it is because the big firm has *more and better jobs* to offer, 19% said it's because big firms *pay more*, and 15% said it is because they are better known. Only 15% said security is the prime reason, supplemented by another 5% who emphasized the many fringe benefits a big firm can offer.

Two key questions in MM's student survey were these:

- What three factors are most important to you as a student in selecting a company to work for?
- What are the three negative factors that would have the strongest effect in causing you to reject a company's offer?

Various items were listed under each question; students were asked to select among these or add others.

Tabulation of the answers is shown in chart at left. On the positive side, notice that almost all—95.7%—said opportunities for advancement are of prime importance. A good salary is shown as the second most important positive factor, and a lower than average salary offer is shown as the chief negative factor. It is significant to compare the prominence of these items with the lack of prominence given to security, company size, and fringe benefits.

Does an analysis of these survey findings bear out Whyte's contention that today's trainee is seeking only a comfortable, easy and safe position in the management ranks of a big company? It seems to indicate just the opposite.

#### Tomorrow's executives speak up

To supplement its survey findings, MANAGEMENT METHODS conducted a series of direct interviews

\*The MANAGEMENT METHODS survey questionnaire was distributed to some 1,500 upperclassmen in colleges across the country—junior, senior, and graduate students in liberal arts, business and technical schools. Nearly half of them responded; percentage tabulations are based on the first 509 returns.

with college students and others. At a roundtable discussion held at the Wharton School of the University of Pennsylvania, two students were asked to reflect the views of this year's crop of graduating business students, in addition to setting forth their own views. The students were selected not only because they held opposite views in some areas, but because they have had experience at more than one school. Fred Schlaepfer graduated from Brown University before going to the Wharton School as an industrial management major. Dick Wendel attended small Augustana College in Rock Island, Ill., before joining the Wharton School as a marketing major.

Following is an excerpt from the roundtable discussion in which these two students participated.

**Question:** From what you know of college men about to graduate, do you think they lack ambition to work their way up to top jobs?

**Schlaepfer:** I think most of us have ambitions to go as far as we possibly can within the limitations of our individual abilities and the opportunities we are able to find for applying these abilities.

**Question:** What about the importance of security, particularly in a starting job?

**Wendel:** These days, I think you have to assume a certain amount of security in jobs. But above and beyond that, I feel that I'm my own security—and I think certainly the majority of students would agree with that. Security isn't a one-way street; the employee has as much responsibility in this area as does the employer—and probably more.

**Schlaepfer:** Security to me is a by-product. If a company gives you an opportunity to learn and to advance and to become more valuable, your job security is automatically provided. Yes, I think it's the opportunity, not the security, that's important.

Although Students Schlaepfer and Wendel indicated that they agreed with some of the points made in *The Organization Man*, they made clear that the book does not present the attitudes and ambitions that they have seen reflected among students—both at the liberal arts schools they have



## PROFILE OF TOMORROW'S MANAGER:

attended or in the classrooms at Wharton.

They implied that Whyte has accumulated evidence of an alarming outlook on the part of today's management trainee in the same

way that one could accumulate evidence that all humans are lazy, self-interested and hard to get along with. Each person is all of these things, but few are predominantly so.

been evolving so fast that it has been difficult for him to tell the score—especially since some methods are always in the experimental stage and may in time prove to be invalid, or mere steppingstones to further change.

During his education years, the average college graduate has had his view of management, in true action, shielded at least in part by a wall of inexperience—perhaps an ivied wall. Yet from within the field of management he hears loud voices contradicting each other. The confusing effect of these conflicting opinions is likely to be increased by the divergent impressions of the management job the student receives from other sources: his professors, the company recruiters who have come to his campus to woo him, and from his management reading, both fiction and non-fiction.

An example of the conflicting notions the recruit may get from his general reading can be shown by again referring to *The Organization Man*, this time comparing it to another current bestseller about business, *Help Your Husband Stay Alive!* This book, by Hannah Lees, is directed largely to young management men and their wives.

On the subject of hard work, Whyte says trainees have this attitude: "They want to work hard, but not too hard; the good, equable life is paramount . . . The usual top executive, they believe, works much too hard, and there are few subjects upon which they will discourse more emphatically than the folly of elders who have a single-minded devotion to work."

On the same subject, Author Hannah Lees has this to say: ". . . the average ambitious young man is working to be in a position where  
(Continued on page 78)

### WHY RECRUITS HAVE CONFLICTING NOTIONS

**Once he joins a company, the recruit's management views will quickly solidify.**

**T**RAINEES ENTERING BUSINESS these days, *The Organization Man* contends, are steering a change in the course of management.

Here, in paraphrase, is what William Whyte's book says:

Management trainees have rejected or made over many traditional ideas about the management job and come up with some new ideas, bureaucratic in nature. Trainees with this outlook are self-perpetuating: as they move along in business, they turn up as the ones doing the hiring, so they recruit more young men like themselves, and so on. Thus, because they are inflicting their new ideas on their companies in a continuing and expanding way, they are leading business down the road to bureaucracy. And this is largely the fault of colleges and universities, particularly business schools, and the people in them who "intellectualize" on management.

No one at all enlightened in management would deny that some companies are run on a bureaucratic basis—particularly some of the large ones. But can it be said that business in general is in danger of bureaucracy—and this be-

cause of the ideas trainees are bringing in from their colleges? From what has come to light in MANAGEMENT METHODS' surveys and interviews, this seems to be putting the cart before the horse.

It is unlikely that trainees joining companies this year hold anything resembling a common management concept—bureaucratic or otherwise. If there is anything that they do seem to have in common it is confusion—a deep-seated confusion as to what the management job really is and what their part in it should be. Such confusion is understandable, and it probably represents the biggest problem your company faces in effectively tapping the resources of your new recruits.

Consider these facts:

In recent years the management job has been expanding and evolving at a dynamic rate. Such dynamics have created the need for new skills, new abilities, new knowledge, and an entirely new concept of management. In fact, the need has arisen for what can be termed a "new kind of manager."

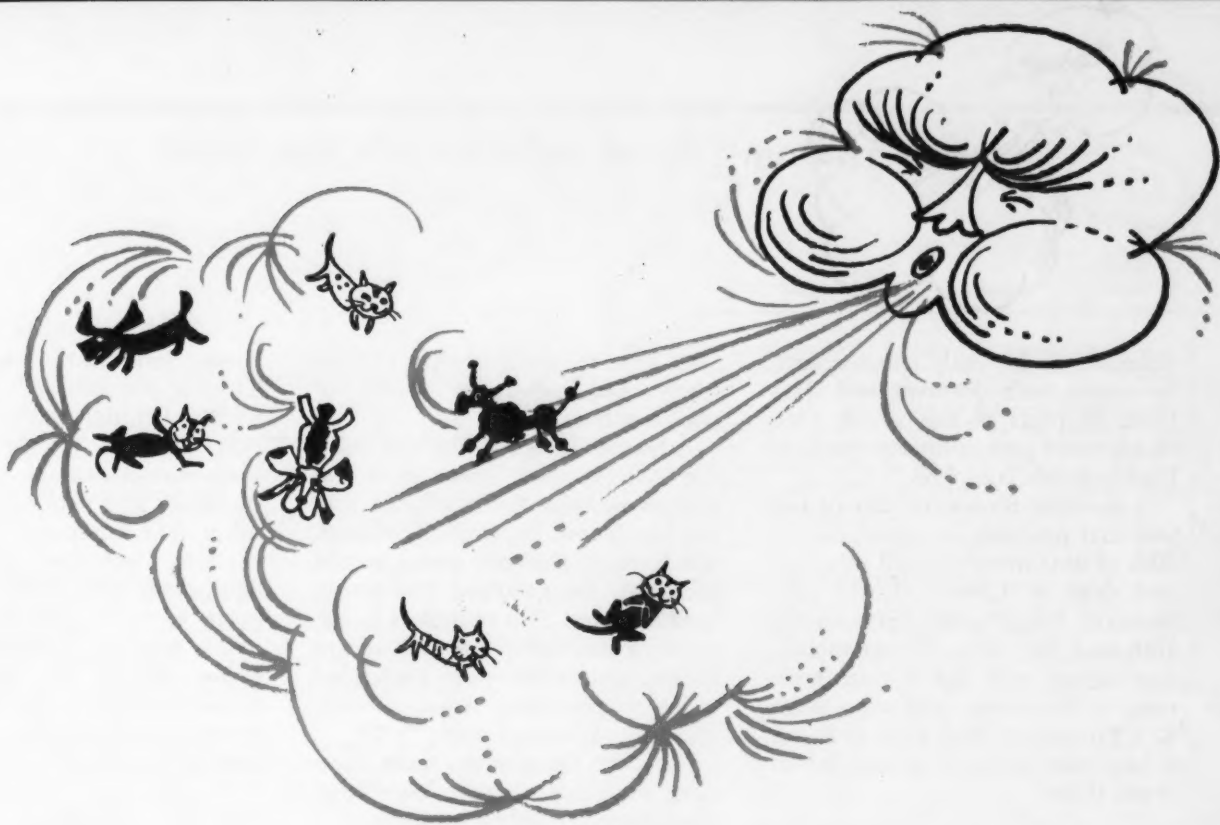
This movement has helped the college recruit by causing a strong demand for him, since he represents the raw material for the making of the "new kind of manager." But it has also hindered him because methods and concepts have



"It's the opportunity, not the security, that's important."

SCHLAEPFER





## Get the weather on your side

Regardless of your type of business, the weather affects your company's operations and profits in either direct or hidden ways. Once businessmen could only accept the whims of nature with a helpless shrug. But now you can get an edge on the weather, often with better than three-to-one odds in your favor. This article helps you discover how weather affects your business, and details how businesses are profitably applying accurate weather forecasts and weather research in their long-range and short-range planning.

“Some people are weatherwise, and some are otherwise.”

This statement by business-minded Ben Franklin is more true now than ever. Back in Franklin's day, weather came and weather went; there wasn't much that could be done about it. Now, weatherwise businessmen in *all* lines of activity are learning to anticipate the weather, get it on their side, make it add dollars to their profits.

How do they do it? Methods vary, but all turn on knowing in advance what the weather is expected to be before it happens.

### Weather affects your business

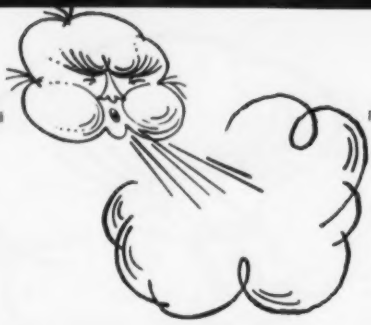
The influence of weather on some industries is obvious, *e.g.*, airlines, construction, retailing. For your business, the weather's influence may be less strong, less direct—but regardless, weather variations are influencing your operations somewhere along the line. The weather may be slowing the productivity of your plant, it may be the cause of some of your personnel problems, it may even now be raising the price you will pay for raw materials next month.

There is no business in existence

whose activities—and profits—are not in some way influenced by weather.

Yet most business executives overlook the fact that weather forecasting is now more than a guessing game—and the fact that many specialized weather forecasting and research services have become available to business.

Today a meteorologist skilled in forecasting can make accurate predictions of what the weather will be next week, next month, even next season. He can give you a forecast for almost any given geographical region. Using techniques



unknown to his early counterparts, he works with observational data from all parts of the world. One of his most powerful new tools is the electronic computer.

A weather forecaster *cannot* tell you that precisely at 9 a.m. on the 20th of next month it will rain cats and dogs in Cleveland. He can, however, tell you that between the 18th and the 22nd of next month, four-to-one odds favor rain, hard rain, in Cleveland (*see chart page 43*). Probably a poor time to break a big sales push of suntan oil in stores there!

#### How forecasts are used

Here's a clearcut example of how one firm uses long-range weather forecasts and weather research to increase its profits. Since the case deals with a highly "weather sensitive" product, the facts are more pointed than they would be for most other companies. But the case should start you thinking of specific ways you can begin profiting from advance knowledge of the weather.

A snowless season in the Northwest several years ago left auto supply dealers with surplus stocks of tire chains on their shelves. Not knowing this, a tire chain manufacturer in York, Pa. shipped new quantities of chains to the region the following year. But no dealers bought them. The chains created a storage problem, began to rust. Reshipping to another sales area was impossible, from a time and cost standpoint. Result: the manufacturer chalked up a loss for the year.

Desperately, the manufacturer turned to a consulting meteorologist. The meteorologist developed a host of weather indices to help the manufacturer. Guided by the previous mistake, an analysis was made of the past season's snowfall amounts in each sales distribution area. From this, the manufacturer

was able to predict what regions likely had adequate stocks of chains still on hand.

Advance forecasts for the coming year showed heavy snow expected in both the Northeast and the Northwest. But in the Northeast, the forecast showed, snows would generally be followed by warm, melting rains. This indicated in advance a bad setup for selling tire chains. Shipments were scheduled to more promising areas. Result: maximum sales and profit.

Consider these other, more common, ways that advance knowledge of weather can help a business.

Last July, the plant manager of a medium-sized electronic parts firm in the Midwest was planning his production schedule for the next two weeks. After working out his schedule, he consulted a weather chart supplied by an insurance company.\* He found that a heat wave was predicted for the days when he had scheduled a vital production run for a key customer. Cautiously, he re-arranged his schedule, assigning a less important job to the days when the heat wave was to hit. Later he was glad he had made this decision: the heat wave arrived on schedule and absenteeism soared as female production workers simply didn't show up or called in "sick".

Temperature and precipitation are not the only aspects of weather that bear upon your business. Humidity, winds, frontal passages and other factors all may have their effects.

Consider the case of a plastics parts fabricator. Production runs involved hundreds of thousands of tiny plastic parts stamped from

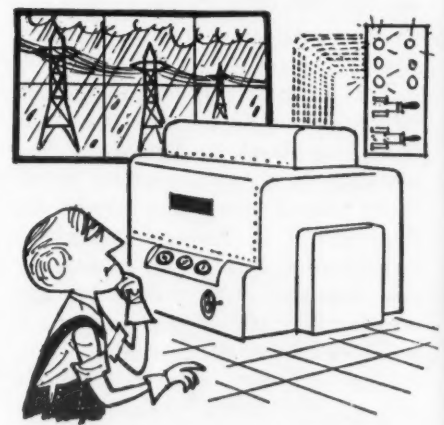
sheets, later sorted and packaged. Trouble was caused by static electricity. On dry days, the plastics parts became highly charged as they moved through the stamping machines and rubbed against each other. The company had tried everything including grounding of equipment and insulation of metal parts to stop static buildup. But when relative humidity dropped below 40%, it was hopeless. Machines jammed, parts clung together tenaciously, workers complained and production slumped.

A company executive noticed that this condition always prevailed on clear, bright days with a northwest wind. Investigating a little further into the weather relationship, he decided to keep track of high pressure systems coming his way, for these were the systems associated with such weather. When his daily weather map indicated a high would be over the region in a day or so, he gave the word to the plant supervisor, and the troublesome run was called off and another run substituted. In this way, production in the plant was made to dovetail with weather conditions. Production picked up.

#### Research required

One big problem in using weath-

Will those lights go on?



\*A number of the larger insurance companies have set up weather forecasting and research centers as a service to customers and the public. Notable among these services is that of the Travelers Weather Service of Travelers Insurance Cos., Hartford, Conn. For a free copy of a Travelers booklet, "Tomorrow's Weather—Today," which explains the business implications of weather, circle number 413 on the Reader Service Card.



# What will the weather be this month?

PRECIPITATION WARM COLD

## AREA I. Northeast

DAY 3 6 9 12 15 18 21 24 27 30



Northern New England and most stations along the Atlantic Coast will be wetter than normal in May while western sections of New York and Pennsylvania will be relatively dry. This forecast is in reverse of last May's rainfall pattern. Temperatures will average within one or two degrees of normal and generally warmer than last year.

## AREA II. Great Lakes

DAY 3 6 9 12 15 18 21 24 27 30



Drier than normal is forecast for most sections of the Great Lakes-Midwest region. Last year, these same areas were unusually wet. Michigan and Wisconsin will be slightly cooler than usual, about the same as last May. Kentucky and southern parts of Indiana and Ohio will average four degrees below normal and as much as eight degrees colder than last year.

## AREA III. Southeast

DAY 3 6 9 12 15 18 21 24 27 30



Drier than normal is the forecast for the Southeast in May. Although heavy local storms will produce a scattering of "wet spots", statewide rainfall should average well below normal throughout the region.

## AREA IV. North Central

DAY 3 6 9 12 15 18 21 24 27 30



Eastern sections of this expansive area will be wetter and slightly cooler than usual while farther west, Montana, Wyoming and Colorado will be relatively dry and mild. Last year, the Dakotas, Montana and Wyoming were generally wetter than usual while other sections were very dry. Most states enjoyed milder weather last May.

**MAY** will be colder than normal throughout the Midwest and Southeast sections of the country and warmer than normal in the extreme Northeast and throughout most of the Western States. Wet areas are forecast along the Atlantic Seaboard, as far south as the Carolinas, throughout the Central States, from Minnesota to Texas, and in a relatively small area in the Northwest, east of the Cascade Mountains. The Great Lakes region, the Southwest and much of the Southeast will be relatively dry. The following is a more detailed forecast, by region, of weather conditions for May 1957:

## AREA V. South Central

DAY 3 6 9 12 15 18 21 24 27 30



General rainfall is expected to cover vast areas in the South Central States. Sub-soil moisture will improve and despite occasional dry areas, agricultural prospects should be bright. Temperatures will average close to normal in the extreme west portions of Texas and Oklahoma, and colder than usual in Arkansas and Louisiana.

## AREA VI. Northwest

DAY 3 6 9 12 15 18 21 24 27 30



Coastal areas in the Pacific Northwest will be drier than normal while Idaho and inland stations in Washington and Oregon will be wetter than usual. A similar rainfall pattern occurred last May. Temperatures will be slightly cooler than normal in Washington and Oregon, and slightly warmer than usual elsewhere in the Northwest.

## AREA VII. Southwest

DAY 3 6 9 12 15 18 21 24 27 30



Most of the Southwest is expected to be drier and warmer than usual this May. Total rainfall will rarely exceed 50 percent of normal while monthly temperatures should range from near normal along the coast to four or five degrees above normal in most sections of Arizona, Nevada and Utah. Last May, California was unusually wet.

Here's typical advance forecast information businessmen receive. This is May's outlook as prepared by Weather Trends, Inc., New York. Check the service out this month against its predictions—and compare with daily newspaper forecasts.

er as a business planning tool is that research is usually required. Raw meteorological facts must be translated into terms applying to your operations, your problems. For instance, a "power hog" industry wants overcast, cloudy conditions phrased in terms of kilowatt-hour consumption. A bottled drink distributor wants degrees of heat (temperature) related to the number of case goods he should send out on his trucks.

You may be able to make these translations yourself. On the other hand, if the weather has a com-

plex bearing on your business—perhaps affecting both production and shipping—it may pay to have a research-minded meteorologist handle this for you.

Some weather relations are not as obvious as they first seem. Item: a company launched an ice tea promotion campaign last summer in New England—and failed utterly. Reason: regional preference. New Englanders drink their tea hot *anytime* of year. The company was able to recoup its loss in the Southwest where just the reverse holds true.

Experienced consulting meteorologists have knowledge such as regional preferences on tap—or know how to get it. They consider it part of their job.

## How to get started

A good start at relating weather to your operations can be made without any initial outlay. Here are some check points to get you going:

1. Learn to interpret the published daily forecasts in your local (Continued on page 70)

# 6

## times to spotlight

There are pitfalls to delegation. Yet delegation must become second-nature to the business administrator. At times therefore, he will want to review his own applications of the delegating function. Learn when this may be profitably done. In this way you gain a technique that will further both your career — and the *career* of your firm.

EDITOR'S NOTE: Dr. Laird here follows-up his article "Are You Ready, Willing and Able to Delegate?" which appeared in the last issue of MM. This time he considers half a dozen instances when alert businessmen can take stock of their delegating function. He covers some reasons for doing this, and concludes with a pertinent checklist to get you started on spotlighting your own delegating process.

Quick to seize opportune moments for delegating, most executives early in their careers master the "technique" of this process.

Delegation becomes the *sine qua non* of their role; without it they cease to exist.

Yet, just as an experienced autoist relegates his driving skills to "habit" so will an executive commit his delegating function to habit. Periodically, the wise motorist knows that declining reflexes, new laws, and different mechanical designs call for deep-seated review of his driving. Likewise, business administrators can profitably review their delegating process.

### THE PROBLEM

Executives know they must coordinate and direct the efforts of others. Not work, but delegation is their prime responsibility. A job is outlined here, authority vested

there—a responsibility assigned somewhere else. Around them grows a delegated setup of *their own creating*.

Yet that administrator is more than human who in the course of time does not make some unwitting assignments. Perhaps he duplicated a function in an unwise moment. Maybe he is still sitting on details that should have been turned over to subordinates long since. Even with mediocre assistants, however, the setup continues to function. Any slack in the reins is taken up before it is noticed, unconsciously. Minor points arise that would put the delegated framework to test—but they are met almost before they are born.

*Someone wants the answer to a problem. Ordinarily, that answer would be forthcoming from Assistant X. However, it is common knowledge, unexpressed, that Assistant Y really has the information—and has it at the tip of his tongue.*

Circumventions arise. The setup is successful—but only partially so. It is not so much successful from being a delegated setup as it is simply through the over-all function of group effort. Answers are developed from the body corporate, not from true sources.

The manager may become aware

of this. He may sense that things are slipping, but he doesn't know just why. He's been delegating, hasn't he? Been doing it right along, too. Still the delegation suffers. It suffers from the mere fact that the delegates are people. Strong personalities, special skills, unusual knowledge at every level may make a farce of the manager's delegated setup.

### THE SOLUTION

Legitimate review of delegation can be instituted on any of numerous occasions. There are no hard-and-fast rules when this should be done. However, there are some six instances which, like Shakespeare's stages in the life of man, are sure to befall every executive in his business career. Upon these occasions the wise businessman can easily bring delegating into the spotlight. He can do this without making it appear that he is unnaturally delving into his *modus operandi* (always a tip-off to ambitious understudies).

### 1

#### Spotlight delegation when hiring

The new employee gives executives the perfect excuse for reviewing all delegated functions in their

# delegation

respective setups. This is because the very newness of a stranger in the midst of the administrative staff subconsciously suggests to all that reassignment and redelegation of many duties is at least theoretically "in the wind." Redelegate and delegate anew at this time—and you do so with a minimum of discord. Try sweeping redelegation reforms without some excuse and you may reap a harvest of discontent.

Don't succumb to the temptation to simply delegate to the new man all the duties handled by his predecessor. If possible, tailor the job to him. He is an individual; give him extra duties which his record indicates he can handle, and re-assign those which may exceed his qualifications. Properly used, the occasion of hiring a new man can result in a general up-toning of your whole delegation procedure.

To show you how important top management considers this occasion of the new employee, one organization currently works away at getting executives "delegation-minded" through instructions to new employees. The instructions? "Ask your boss for the name of one or two people whom you can get work information from when he is tied up or out of your department."

One precaution: restrain the impulse to dump all unpopular details on the new recruit. He will be quick to sense this, perhaps become disgruntled and gyrate to the camp of your dissatisfied element.

## 2 | Spotlight delegation when subordinates leave

Here is a second golden opportunity to review and revamp the delegation procedures. Perhaps the

late lamented was holding down some detail you think Jones over there could do better. O.K., now is the time to try Jones out. A review of your whole delegated setup at this time may reveal how to bring many duties more directly under the wing of those most qualified to perform them.

This is the ideal time to eliminate duplications in function. Doing this *before* you hire the new man will avoid likelihood of his wasting your money and his time learning the ropes of some task already performed by another.

Redelegation at this time can also help you in drafting qualifications needed by the new man who will fill the job vacancy. Perhaps reassignment of duties and shifting of functions at this stage will open the door to that special type assistant you've always wanted—but never had room for.

**Case-in-point:** one sales executive with a medium-sized manufacturer of aircraft instruments had always wanted a righthand man with a technological background in instrumentation. The executive could handle his selling—but he was often backed into a corner by technical questions put to him by customers. Yet, his chief assistant was confined by the nature of his work to sales analysis and office routine. Upon the occasion of the assistant's leaving, the sales executive broke down his job into its constituent parts. These he redelegated to other promising members of his staff. **Result:** he was able to order up the ideal linebacker he needed. Together they pulled in more sales than ever before.

One danger to avoid at this time is the temptation to loyally pitch-in and take over the work of the departed employee. This is short-

sighted, indeed. By adding to your burden you retard your own advancement—and by taking on details from down the line you inhibit the growth of those coming up beneath you.

## 3 | Spotlight delegation when launching new enterprises

A special ill that proper delegating can prevent is apt to occur on the occasion of launching a new company—or expanding your present one. This is the ill of overlapping duties. In the press of starting a new department, delegation and assignment of duties often degenerates to a catch-as-catch-can operation. The result is always the same: an executive staff where every man functions as a Jack-of-all-trades.

This is the most wasteful kind of administrative setup in dollars and manhours. Right when conditions are apt to be hardest for the newly launched operation, it harbors an internal parasite that saps its needed vitality. Independent consultants find that during the critical first three years in the life of any new venture, time and again the shoal upon which they founder is lack of planned delegation.

Two partners started a small vacuum forming business. In the beginning, each man did everything; sought equipment for the shop, interviewed potential employees, spent time on the road soliciting customers. The company had a hot item and grew rapidly. Within a year and a half, two plants were running on shifts around-the-clock.

Then one day a tremendous bill



## FIVE PRESIDENTS FROM SOUTHERN RAILWAY

The most successful executive is the one who delegates himself right out of his job—and into a better one.

For example, within a single year, five executives of the Southern Railway became presidents of other companies. They made these steps into bigger jobs because they had gained reputations for their delegating ability and for the ability to develop men under them. And they gained these reputations partly because Southern's President, Harry A. Debutts, is a man who encourages his executives to move ahead on the strength of their delegating ability. Debutts makes a habit of challenging his people to delegate by asking them this point blank question: "Who under you would be capable of taking over your job tomorrow?"

for raw materials came in the mail. The two partners, who now had split their fields of operation into a "home" man and a "field" man, were aghast. What had happened? Both in their early days had been accustomed to search out bargains in plastics sheet stock. By chance, both partners shortly before had noticed a close-out offering of stock they could use. Each man sent in an order—a big order. It looked like a real "buy", as their early experiences had shown them.

Instead of one man in charge of materials procurement, both were still thinking along this line. The result almost wrecked them. Four carloads of sheet stock had to be warehoused—and money raised to meet the invoices. They did it, but they paid dearly for their lesson in delegation.

4

### Spotlight delegation when assuming new duties

On being assigned new functions, the delegation-minded executive is automatically confronted with two choices:

- Delegation of new duties to a subordinate (often the executive is not really expected to handle the duties personally).
- Reassignment of other responsibilities so that new details may receive his undisturbed attention.

Habitual inability to relinquish (fully) certain details of the job invites disaster when additional work materializes. At the time of receiving new functions, the shrewd administrator can relieve himself of many details of his old job and in giving them to his assistant convey the idea that the assistant has earned the right to them. Thus, double-duty is done: the administrator steps on out in his own career, and he binds more firmly to him the loyalties of his immediate helpers.

Make sure you are clear on *what* you are delegating, and in what degree. Your "trial by fire" may come as did that of the plant manager of a New England clockworks. Patiently, he had instructed a very capable assistant in the details of running two medium-sized clock assembly plants. Came the day when the plant manager's immediate superiors decided he was really equipped to inaugurate and follow-through on a nationwide sales and marketing campaign. The plant manager was tickled—he had secretly longed for this for months.

At which point "the best laid plans," as the Scotch poet has them, went sadly awry. The assistant went all to pieces. The plant manager had been handing over the *details* of the job to the assistant, but not the *authority*. Like a well-trained dog jumping through a hoop, the assistant could carry out

the mechanics of the job, but like the dog who won't jump till he hears the command, he could not initiate action.

Thus, on the occasion of receiving the coveted new assignment from above, the plant manager was taken aback by being unable to turn over completely the operation of his plants. Instead, he had to do a quick double-take and readjust his assistant psychologically. This meant a postponement for him.

5

### Spotlight delegation when special events occur

No matter how he does it, the busy executive must delegate most of the special events which are thrown his way. These are the blood bank drives and the Red Cross fund raisings. Regarded only as irritations by many administrators, these events can be used as risk-free tools for the try-out of unknown quantities under their command.

For instance, a young hopeful harbored many positive attributes, particularly along the lines of a salesman. However, management just simply felt that it would be too risky to turn him loose on some project where they stood to gain or lose hard cash. The company's product was building hardware. On the occasion of an industry-wide trade show, the young hopeful's superior elected to let him go along with the older sales staff.

Upon their return, he quizzed the sales manager who had headed the group. "How did young X—make out at the show, Bill?" The answer bounced right back. "Joe, you've got to let me have him. He showed more originality of approach than any ten of our regular salesmen. And he directly closed six deals right at the show—and on the first crack out of the box. He's a natural."

Had Joe merely shrugged off the opportunity to send the young man to the show, he might have held back promising talent for years. It's not enough just to delegate "special events" to your secretary or immediate helper. Look around—these are occasions for really spading up the strata beneath you.

(Continued on page 86)

# How standards are used to control indirect costs

When this company found that its elusive indirect costs were consuming 40% of the production dollar, it launched an all-out program to get these costs under control. A series of company-wide standards was established and the burden expenses began to shrink. Management found that there is no cost item, no matter how nebulous, that can't be budgeted and controlled.

When close to half its manufacturing costs became largely uncontrolled, Dana Corp. saw distant clouds of financial crisis building on its horizon.

Dana is a 53-year-old auto and aircraft parts manufacturer with 10 plants and with headquarters in Detroit.

Management review had shown an excellent system in effect for the control of *direct* manufacturing costs, i.e., labor, machine tools, materials. These costs, however, accounted for only about 60% of the total outlay for manufactured

items. An ill-defined and growing area of *indirect* costs accounted for the remaining 40%, and the analysis showed that these indirect costs were not under control. Janitorial services, maintenance and repair of equipment, tool replacement, obsolescence, breakage and waste—these and other costs were entering into the over-all picture, but just how was unknown.

## Key method: standards

The company's top management determined that what was most needed was a series of company-

wide *standards* related to burden costs. A program was undertaken to develop such standards—and the results became the basis of an effective budgeting program that covers almost all of Dana's multitudinous indirect costs.

Exact figures are not available to show precisely the program's overall success, but in one department alone, scrap has been reduced from 12.93% to 7.3% of the production dollar. In the same department, inspection costs have been reduced by 20.18%.

Says Dana President J. E. Mar-

Operating budget sheets prepared at the end of each month show how individual plants fared. Review of variances keeps standards realistic and smokes out slack supervisors.

DANA CORPORATION OPERATING BUDGET									
Division	SUPERVISOR	DEPARTMENT	Projected \$		Actual \$		Variance		DATE
POITSTOWN	Rhoads - Kastle	11	24,855.		24,855.				10/31/56
ITEMS OF EXPENSE	ACCT.	Standards	Projected Budget	Adjusted Budget	ACTUAL	VARIANCE	ACCUM. VARIANCE		
Small Tool Replacements	721	77	2129	1856	6510	4654	4231		
Maintenance - Small Tools	722	53	1465	1284	456	828	1624		
Jigs & Fixtures	724	2168	59932	52538	11362	63900	22493		
Maint. - Jigs & Fixtures - Labor	725	2516	69552	60971	52485	8506	13823		
Maint. - Jigs & Fixtures, Mat'l.	726	1683	46525	40785	65376	24591	2609		
Replace Dies & Patterns	727								
Maint. Dies & Patterns	728								
Stationery & Printing	801	91	2516	8205		2205	4154		
Gas Incoming	803	694	19185	16818	11992	4826	10980		
Oils, Greases & Compounds	807	1688	46663	40906	39930	976	16771		
Miscellaneous Supplies	809	1683	46525	40785	34955	5830	13624		
Overtime Premium	822	408		9887	1057	8830	63806		
Miscellaneous Expense	825								
Telephone, Telegraph & Postage	828								
Scrap - Due to Men	830		8250	228063	199925	91303	108622	216266	
Auto & Truck	841								
House	843								
W.									
Job trouble	928				857	857	1396		
Set Up	928	2818	557911	489078	599086	110010	180374		
Fireman - Power House	927								
Re-Set Up Due to Trouble	929								
General Trucking	930	2950	81550	71488	64791	6697	7990		
Beverly & Salvage	930	3030	83761	73427	94383	21156	85394		
Idle Time Due to Scheduling	931	200	5529	4847	7658	2811	6181		
Idle Time Due to Preparation	932	99	2737	2399	115	2284	3792		
Idle Time Due to Maintenance	933	883	24410	21398	9479	11919	22119		
Cleaning Machinery	937				822	822	1990		
Lighting Furnaces	944								
Oiling & Ball Lacing	946	117	3234	2835	2360	475	682		
Small Equipment (Shop Labor)	949	31		751	4965	4214	27082		
Instruct. New Employees (Instructor's Time)	990	16		388		388	1193		
New Employees - Shop Instr.	991	89		2157	2342	185	5124		
Handling Materials	992	1278	35329	30970	21729	9241	6747		
Supply Cooling Comp.	998	205	5667	4968		4968	9198		
TOTAL EXPENSE			3177234	2798420	2606295	192125	49079		
% GAIN OR LOSS									

tin: "Our program has removed almost all financial guesswork from the company's operation, as dispersed as it is, and is providing excellent control over the 40% of costs over which we formerly had far too little control."

The standards set forth in writing how much money each plant should spend on virtually every item in the burden cost category.

Although the system, like everything else in life, is not claimed to be 100% perfect, Dana says it has *failed to find a single item in the burden cost category that cannot be budgeted and controlled.*

Establishing the standards was a considerable task. The chore was undertaken by a central budget group at headquarters.

For instance, before the standards covering product inspection were established at the first plant, the following individuals were consulted: plant superintendent, inspection superintendent, maintenance superintendent and each departmental foreman. The importance of their counsel was pointed up by the fact that the following elements were revealed in the existing inspection procedure:

- The need for an inventory of all gauges that were in use.
- Rework of inactive or obsolete gauge types emerged as feasible.
- Vendor failures leading to excessive rejections and the need for additional inspection came to light.
- Excessive inspection costs were found in some cases to be due to the fact that inspection was done after a production run was completed—too late for corrective action to be taken.

Instances where operators were being paid to do gauging, but didn't, were found. (This called for placing responsibility on production supervision, thus removing excessive inspection requirements.)

In all, preliminary cost standards on about 45 items were established. It was a job that took six months. When it was complete, a program was begun to apply the standards at the other plants.

#### How the control system works

Once the standards were set up by the central budget group, the major stumbling block to riding herd on the 40% burden cost area

had been removed. Here's how the program works in actual operation:

Three months before the beginning of each fiscal year the Sales Department delivers a sales forecast to the central budget group. This forecast is broken down by product and by the plants in which each product will be manufactured.

The central budget group forwards pertinent figures to each plant manager. These figures, plus the pre-established standards, serve as the basis for projected spending. The plant manager figures *direct* labor cost on the basis of current labor rates; he figures his *indirect* (or overhead) costs by referring to the established cost standards that have been supplied to him from the central budget group.

The plant manager breaks down his budget department-by-department. Department heads or foremen are made responsible for their own part of the budget which includes the elusive indirect labor expenses in their departments, as well as indirect cost items like machine repair and electrical work, which, although not under their direct control, nevertheless, represent departmental expenditures. Department heads and foremen are not, however, held accountable for items such as taxes and depreciation.

For example, when Plant Manager A broke down his 1957 expenses, a budget was established for Foreman B in the Blank Department. The foreman was informed that he could spend X dollars for cutting tools and Y dollars for inspection cost—and so on for each of his department's needs. Previously, the items were obtained merely by requisitioning them from the Purchasing Department, or, in the case of manpower, through the Personnel Department.

At the beginning of each month, a budget is prepared in detail for each department at each plant. For each cost item it shows the projected budget for the month. Each department head or foreman gets a copy of the budget covering his own specific activity.

At the end of each month, the foreman or department head gets a report of *actual* expenses incurred, as contrasted with the *budgeted* expenses. Variances are

noted and the accumulated differences from the beginning of the year are recorded.

After publication and distribution of the figures, an end-of-month meeting is held with the plant's own budget people. Variances are reviewed and the causes of variances determined. Sometimes the standards are found to be in error. In such cases corrections are immediately made.

The system has provided some unforeseen advantages. Since each foreman is required to keep within a budget, he scrutinizes each expenditure carefully. Economy measures have been taken in many departments.

#### How the plan was launched

About six months were consumed in preparing the system before it was established in any one plant.

Company management made sure that the plant manager was in full accord with the idea because management realized that the system could be successful only if such approval was received.

Also, a training program was established for the foremen and department heads. They were consulted when standards affecting them were established or changed. Therefore, they not only fully *understood* the system, but they had a part in *establishing* it. This helped to assure the system's success.

Great care was taken to establish realistic standards so that the supervisors would not view them as impossible to meet and therefore lose faith in the system.

Management proceeded on the theory that Budgeting Departments in each plant should be kept small. A four-man department runs the entire program in Dana's largest plant (3,000 employees) and a one-man department runs it in the smallest plant (300 employees).

President Martin says any business can duplicate his company's success with such a program, and he thinks everyone should.

Such a program, he believes, will work as well for a small business as for a large one. In Dana's case, each plant is, in effect, a business within itself. Therefore, the program has been proved effective in both large and small plants. m/m



# How to size up the value of a helicopter



They're not economical, they won't fly fast, their range is limited and they have other drawbacks—but a helicopter can do many things for a business that a conventional plane can't do. Helicopters are now justifying themselves as time-savers in a variety of firms. With these facts, judge for yourself whether a whirlybird could serve you and your company.

**EDITOR'S NOTE:** Last month's issue of *Management Methods* carried the story, "How to profit from a company plane." Included in the extensive reader response to this article were a number of requests for the facts about helicopters. The facts here are the result of *MM's* research.

— Eggbeaters, whirlybirds, grasshoppers, rotary wing aircraft: by any name the helicopter is an impossible machine.

*Impossible* is the key to understanding helicopters. They can do easily what is impossible for conventional airplanes: take off and land in a space only slightly larger than themselves; fly at slow speeds and low altitudes; hover and fly backwards.

Can these unique flying capabilities be of use to you and your business? The answer is a good deal simpler than it may look: if you want one and can afford it, buy one.

Don't even try to figure out if a helicopter will be tangibly profitable. Unlike fixed-wing aircraft, a helicopter seldom justifies its cost and upkeep on a dollar basis.

There are, of course, exceptions



There's no broken executive routine in this helicopter. Secretary can go along to take dictation in the office-in-the-sky.

to this rule. Notable among them are: ranch operations, where one man in a helicopter can look after more cattle and inspect more fences than 20 cowboys on horses; transportation of men and supplies to offshore oil drilling rigs; crop dusting; and survey work. Helicopter manufacturers say the list of strictly profitable uses is being lengthened.

But more than money, firms using helicopters find they save time. Paradoxically, although they fly at slower speeds than most regular planes (cruising speeds about 100 mph; effective range approximately 500 miles), a helicopter can often save *more* time than a conventional aircraft. Here's how this works for Radio Materials Corp. of Chicago.

This company found that rapid expansion dictated construction of a new plant in Attica, Ind., 130 miles from its home office. RMC owned two fixed-wing aircraft which covered the distance in from 40 to 60 minutes, but plant-to-airport ground transportation in Chicago and Attica took a total of two hours. Total round trip time: between five and six hours.

RMC turned to the helicopter. Today the company's Bell Bellairus makes the same round trip in just three hours. Service is strictly door-to-door, for the Bellairus takes off from the rooftop of the Chicago office and lands literally at the front door of the Attica plant.

Advantages to RMC as listed by Board Chairman Joseph F. Riley: "We save about eight hours per passenger per week—and this time is saved by highly paid, skilled employees or top management. We can make flights in weather that would ground regular airplanes".

In a comparative analysis of costs RMC President Richard Bourgerie reports that the company's two fixed-wing planes average between \$30 and \$35 for every hour of flying time, while the helicopter costs run between \$35 and \$40. Both estimates cover operating, overhead and depreciation costs.

Pretty much the same line of reasoning is evident in the attitude of the Fastener Corp. of Chicago, which has owned a Hiller helicopter for more than a year. Says executive H. G. Aranda:

"Helicopters are not economical. Instead they are a rather expensive piece of equipment to operate and maintain. We justify such an expense in terms of time saved by executives, the publicity we receive, and the goodwill promoted through service rendered to various customers. These are intangibles but they are definitely on the asset side."

On the other side of the fence stands Rockwell Manufacturing Company of Pittsburgh. After a year and a half of helicopter ownership, Rockwell gave up the experiment, decided to depend solely on its fixed-wing planes.

Reasons: helicopters are expensive to buy, expensive to operate. Costs far in excess of value to firm. Further, executives found themselves "vibrating" at their desks after a helicopter trip.

### Executive flying carpet

The ease with which the helicopter lands and takes off, in almost any weather and practically on the proverbial dime, is one of its chief appeals.

Frederick C. Matthaei, chairman of American Metal Products, is a wealthy industrialist who lives 35 miles from his Detroit office. Tired of bucking commuting traffic for the 50 minute drive into town, and equally tired of time-consuming trips to various business meetings and luncheon appointments, Matthaei shelled out \$45,000 for a Bell 'copter, uses it as his own personal flying carpet. Every weekday the 'copter lands at Matthaei's front door at 8:30 a.m., whisks him to his office in 18 minutes. Later it may ferry him and an associate to the GM Technical Center in six minutes. Driving time for the same trip: 45 minutes. Still later, open ground near a river provides landing space for the machine and Matthaei walks across the street to a business conference.

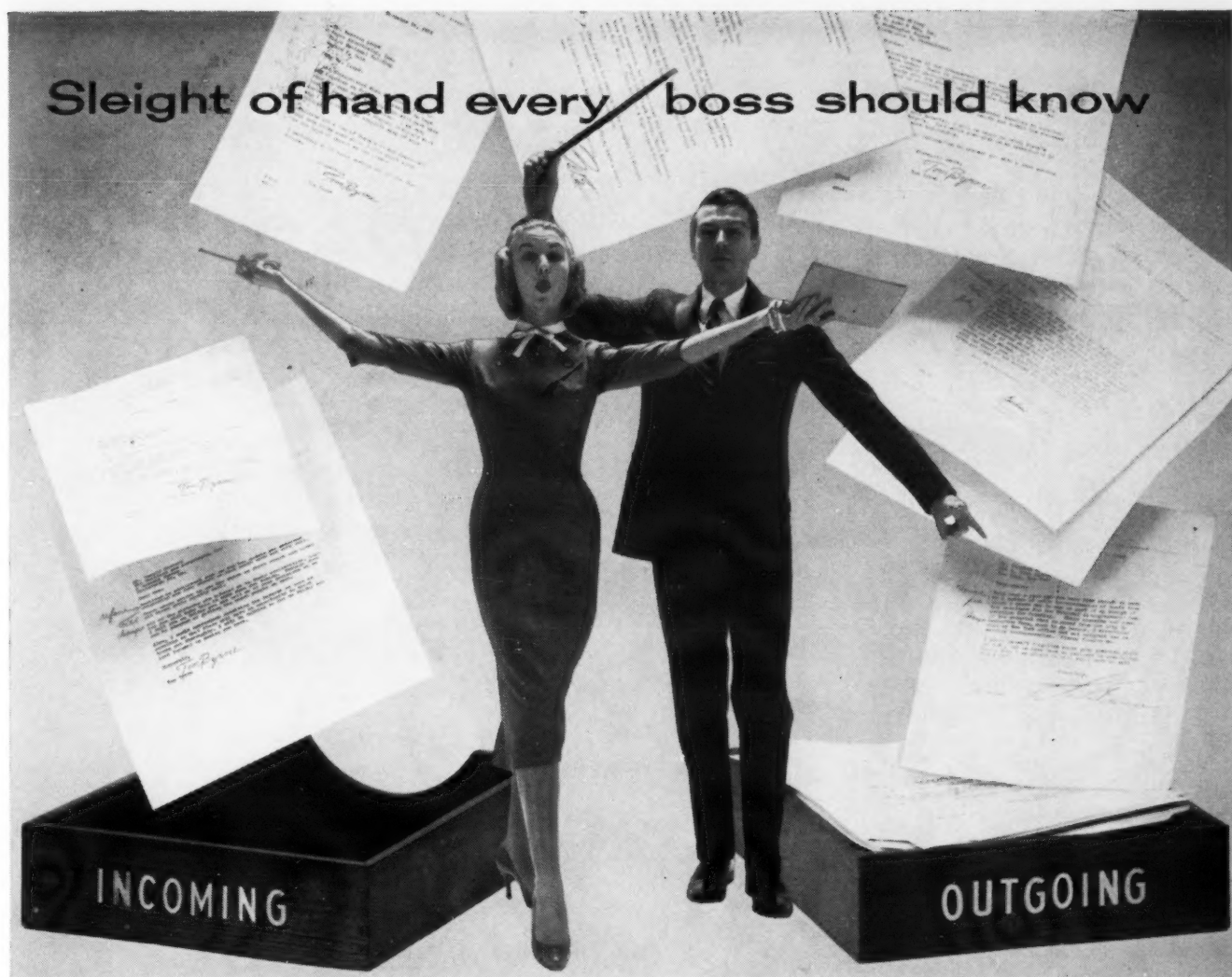
The \$75 per flying hour operating cost seems high at first, but Matthaei and his passengers are men whose time is conservatively valued at \$100 to \$200 an hour.

Earning a helicopter license is no more—and no less—involved than getting a fixed-wing pilot's license. In each case you must have a total of 40 hours, 25 solo and 15 dual, pass physical and flight tests and examinations on civil air regulations.

The helicopter industry is looking to the future with confidence. One executive puts it this way: "We can't go any place but up."

Such optimism seems warranted. There is nothing resembling a "boom" in helicopters, but neither is there likely to be a "bust." There are jobs in industry and business that 'copters can do best; this has been proven. The next step is for the whirlybirds to do these jobs economically. Then the "impossible" machine may become the indispensable link in the business transportation chain. m/m





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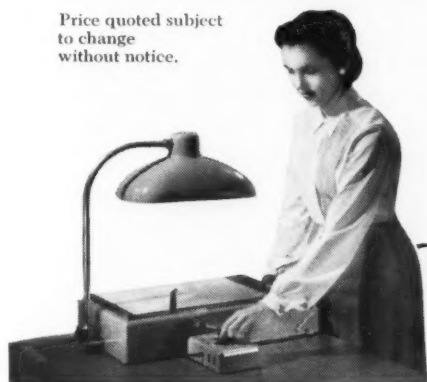
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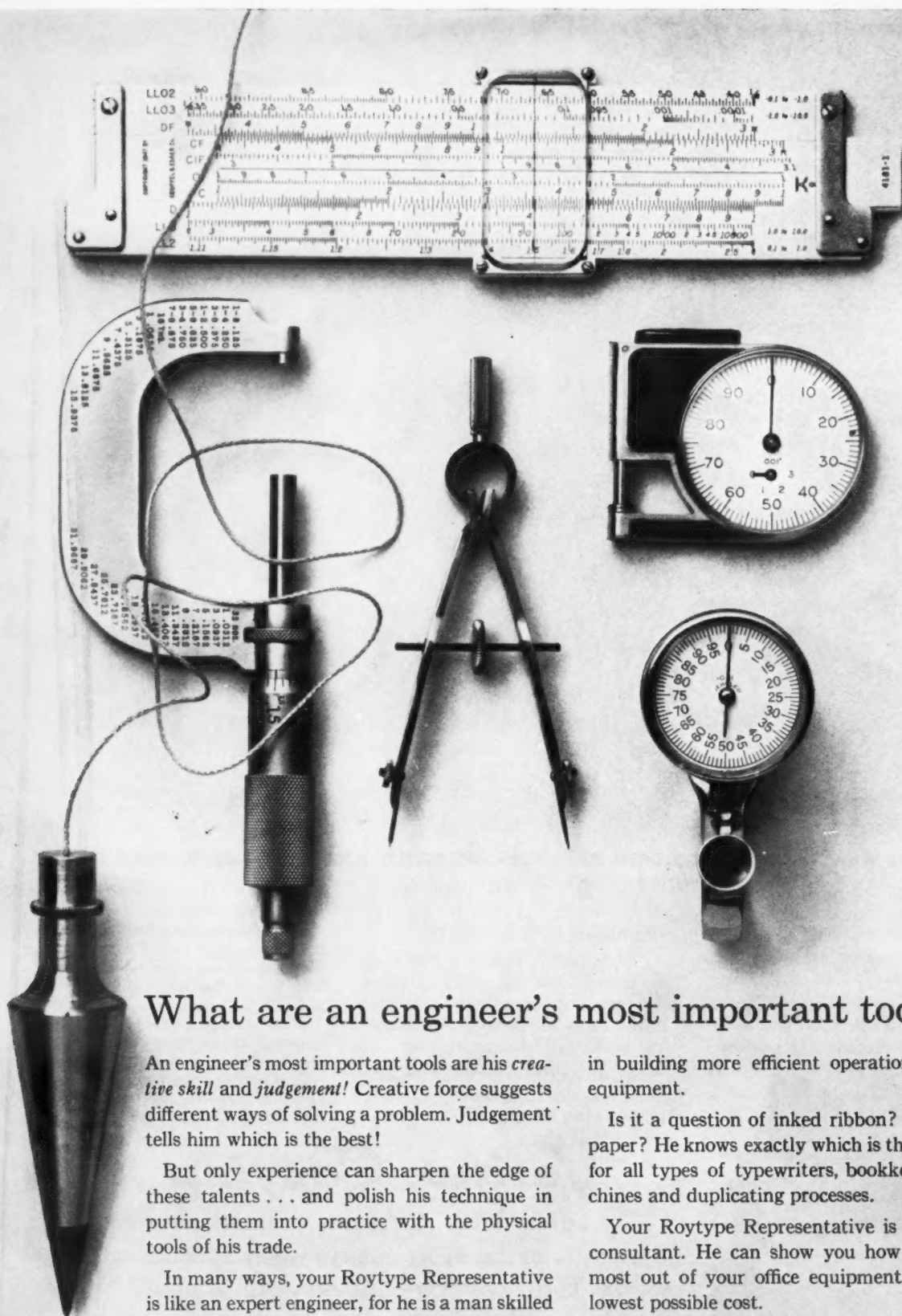
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# How dealers can lower prices through additive markup

All your efforts to price your products for optimum turnover may be wasted by a dealer's indiscriminate pricing. Here's a retail pricing method with numerous possibilities that your dealers might use to bolster sales of your products.

Pricing can make or break a sale. But a manufacturer's careful cost calculations in setting prices to dealers may be to little or no avail if the dealer uses an inefficient system for setting his own prices. If he simply adds a standard gross percentage markup of the manufacturer's invoice, chances are some items are going to be priced too high to stimulate optimum sales.

One answer to this problem lies

in a quick, reasonably easy pricing method known as additive markup. It is based on the theory that net, not gross, profit is the key to eye-catching price tags.

Additive markup was devised by suburban retailers and dealers faced with the job of reducing prices in order to draw business away from their big city competitors. The system is not in wide use, even now. But from the viewpoint of both manufacturer and dealer,

additive markup is worth knowing about because its applications seem to be numerous.

Like many management and merchandising techniques, additive markup's evolution has progressed on so many fronts that no standard procedure for its application has yet been developed. However, here is the basic idea, followed by an actual case example of how additive markup resulted in a significant reduction of selling price.

The base of the calculation is the cost of the item to the retail dealer. To this base cost is added a predetermined *net* profit and realistic handling and operating costs for the particular item. But bear in mind that the net profit figure will be accurate only as long as sales are maintained at the level at which operating costs have been determined.

As will be seen in the example below, additive markup has little if any beneficial effect in pricing low cost merchandise. But the spread between prices figured by the conventional method (*i.e.*, a fixed percentage markup) and the additive method becomes progressively greater as the value of the merchandise increases.

This is demonstrated by the pricing figures for two tables sold by a retail furniture store using additive markup. In round figures, the tables cost the retailer \$50 and \$300 (manufacturer's prices).

Using a conventional pricing method, the dealer might simply have marked up these prices to obtain a gross profit of 45% of the final price tag figure. If he did this and then adjusted his figures to the nearest "standard" prices, he would

## BREAKDOWN — ADDITIVE MARKUP.

	Table "A"	Table "B"
Invoice cost	\$ 50.00	\$300.00
Net profit (12% of invoice cost)	6.00	36.00
Infreight	5.20	6.00
Receiving, polishing and flooring	1.80	2.10
Display (8 sq. ft.)	2.40	2.40
General administrative	8.25	8.25
Delivery	6.00	9.00
Advertising	3.00	4.50
Markdowns	7.50	24.00
Subtotals for calculation of selling cost	\$ 90.15	\$392.25
Selling cost	10.02	43.58
<b>Total</b>	<b>\$100.17</b>	<b>\$435.83</b>
Price tags, additive markup	\$ 99.00	\$435.80

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probably end up with prices of \$99 and \$589 respectively.

However, under the store's additive markup system, the actual price tags were \$99 and \$435.80. On the high priced item, that's a price difference of \$153.20—or 26%! This is more than enough incentive to get nearby city residents to drive out to this store.

#### Figuring additive markup

The chart on page 53 shows how the dealer arrived at his prices using the additive markup method. Individual items are accurate for this store but are not necessarily typical. Following the store's practice, the figures in the chart are rounded to the nearest nickel.

Here is how the figures were calculated:

**Invoice cost**—Directly from the manufacturer's invoice.

**Freight charges**—Calculated directly from the freight bill.

**Receiving, polishing and flooring costs**—Computed from time records kept on individual items. After 10 identical pieces have been handled, this retailer averages costs and the average is taken as a standard for that particular piece. If the difference between this average and the receiving cost of the next shipment warrants it, the price is adjusted accordingly.

**Display costs**—Calculated on a square foot basis. This requires considerable work to set up, but once established it has the double advantage of being simple to use and more accurate than other methods.

All floor and wall space occupied by merchandise is measured. Wall space used for shelf displays as well as that used to hang mirrors, pictures and accessories is included. Table lamps and accessories which are displayed on other pieces are measured as though they used floor space.

This usually totals more than the entire floor space of the store, but this does not affect the system's accuracy as a basis of calculation.

Then the cost of building occupancy and display are added. This figure is divided by the total square foot figure obtained above. The result of this division is the annual cost per square foot.

The display cost is then deter-

# How to increase productivity of your labor force

## Tested plan provides positive guide for management action

Every executive knows that there exists within his own organization a vast untapped source of increased profits—a source that holds more cost-cutting potential than automation or systems engineering. It is the human *will to work*.

Few will argue that today's worker *cannot* be more productive. He is physically and mentally superior to his grandfather, and yet when the differences in their tools and equipment are allowed for—he produces less. The difference between what he *can* produce and what he *does* produce, more often than not, determines the competitive position of his company in the market.

But it is wrong as well as useless to blame the worker. He is willing, (even anxious) that the potential be realized—but the responsibility belongs to management.

The mining of this vast reserve of profitable productivity is the business of the Sheldon-Claire Company. Since 1917 this company has served industry on an international scale thru 47 field offices in the United States, Canada, England and France. By giving management the tools to work with, together with a positive guide for their use, Sheldon-Claire has obtained demonstrable results in thousands of businesses.

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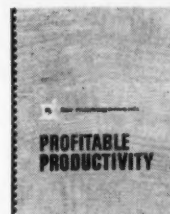
Any business that employs people—service companies as well as manufacturing plants—can realize new profits by increasing wage-dollar productivity. Size is not a factor. Many Sheldon-Claire customers employ fewer than 20 people, more employ fewer than 100, yet many of the largest corporations in the country, such as DuPont and General Electric, use Sheldon-Claire services.

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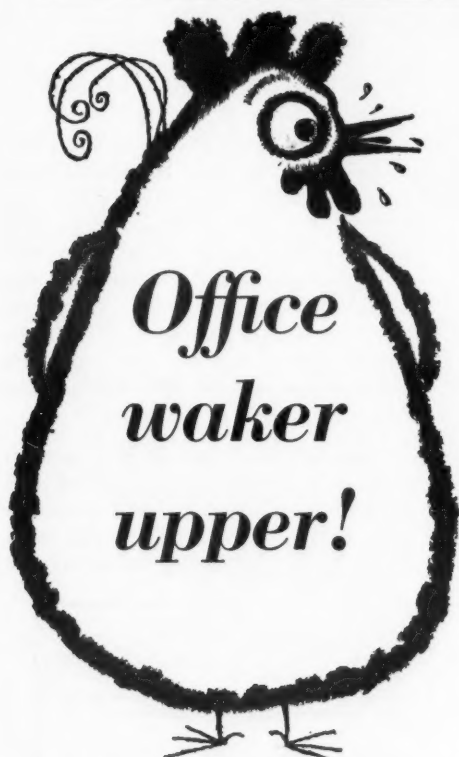
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mined by the following formula:

$$\frac{\text{Number of sq. ft.} \times \text{cost per sq. ft.}}{\text{Turnover factor for the merchandise}}$$

**General administrative expenses**

—Also based on a cost per square foot basis.

**Delivery expenses**—Based on averages. The total delivery cost of each type of piece is determined. It includes man-hours required to load, unload, place an item in position at the customer's home, check for scratches and perform any other service function. These averages vary for similar pieces in different price ranges, more time being required for higher priced merchandise. The cost of the average mileage for that particular price range is added to the labor cost.

This store makes a periodic check on the average mileage for each of three price groups. Since the checks were started the low-cost delivery range has remained constant while the high-cost range has increased steadily.

**Advertising expenses** — Determined by budgeting a definite amount (not a percentage) for each lot or group. By dividing this amount by the number of pieces bought for that group, the per unit advertising charge is determined.

**Selling expenses**—Salesmen are paid a straight percentage commission. Another percentage amount is allowed for supervisory and other selling costs. The selling expense is figured either by dividing the total of other costs by the appropriate total sales percentage or by using a conventional markup calculation as was done in our chart.

There have been a few attempts to apply additive markup to small ticket and soft goods lines on this same item-by-item basis. However, on these items it has been found more practical to use the additive approach in determining conventional percentage markups for groups of merchandise.

There are many ways that the basic idea of additive markup can be adapted to special types of products and special pricing needs. Manufacturers might do well to experiment with the basic idea. If it can be applied to your products, a means should then be worked out for selling the idea to dealers. m/m





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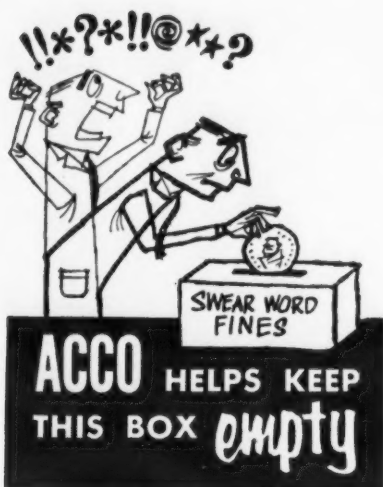


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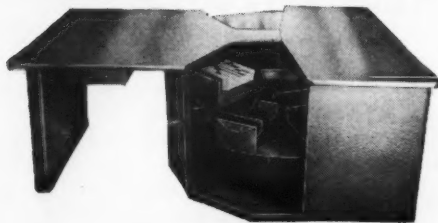
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## thought starters

Thought Starters deal with "practical solutions to administrative problems." The editor invites contributions—which are paid for at our normal space rates.

### EXECUTIVES

#### AMA to establish new research center

Research into executive health problems will be one of the eventual functions of a management educational and research center being established at famous Trudeau Sanatorium, Saranac Lake, N. Y. Under auspices of the American Management Association, the 90-acre property, with more than 60 buildings, will become a center of research in the science of management. In addition to the health or clinical facility, three other principal purposes will be served by the installations: 1) continuation of AMA's educational program in the management profession; 2) establishment of business offices and service activities related to educational activities of the association; and 3) research into managerial decision-making and related aspects of the managerial role.



standing or attached to existing walls. Brackets for supporting various office furniture components are easily attached or detached and leave no unsightly marks when altering setups.

For more information, circle number 419 on the Reader Service Card.

### SUPERVISION

#### Supervisor training film made available

A 14-minute, color, sound slide-film, originally produced for Esso Standard Oil Co. to train supervisors in motivating employees for better job performance, is now being made available to all business firms.

Supplementing the film is a trainer's guide containing all materials necessary to conduct participative supervisory discussion groups.

Called "Examining the Will to Work," the slidefilm reduces to concrete terms some of the most recent findings on how employees can be helped to reach higher levels of job performance and job satisfaction. Emphasis is given to such points as how a worker feels about his job, how he feels about the group he works with, and how he feels about his immediate supervisor. Then the film reveals how a supervisor, on the basis of the personal relationship he builds with each of his people, can increase the productivity of his department.

### OFFICE DESIGN

#### Partition saves on space; permits variety of layouts

Designed for ultimate utilization of floor space, a new office panel features brackets that will support desks, cabinets, shelving, lighting fixtures, coat racks, pictures, letter trays and all other office furnishings and accessories. In addition, changing the office layout can be accomplished in minutes.

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The slidefilm is available for sale but is not for rent.

For more information, circle number 410 on the Reader Service Card.

## EQUIPMENT

### New copying machine features speed, light weight

A newly designed, light-weight model of the Thermo-fax copying machine has been announced by Minnesota Mining and Manufacturing Co.



Weighing only 45 pounds, the all-electric Secretary model will give completed copies in as little as four seconds. The machine will adapt to any desk top or filing cabinet surface. Darkrooms, chemicals and negatives are not required, and operators need no special training. The Secretary copying machine will accept all six Thermo-Fax brand copy papers. A separate floor stand is available.

For more information circle number 412 on the Reader Service Card.

## NEW LITERATURE

### Booklet describes pitfalls in interstate commerce

A new booklet outlines the legal complications of interstate commerce and gives simple rules for avoiding them.

Never before have there existed so many snares for the unwary, according to The Corporation Trust Co., publishers of *Heads I Win, Tails You Lose*. Officers responsible for signing their firm's contracts will find in these pages descriptions of traps waiting the uncautious, and full explanation of their meaning.

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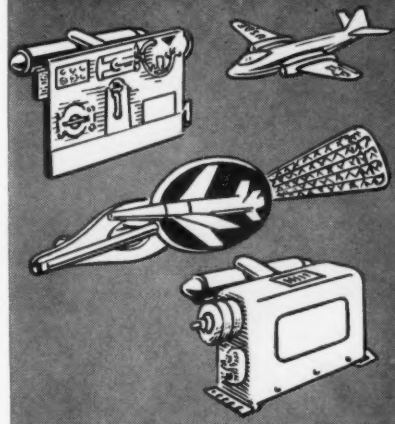


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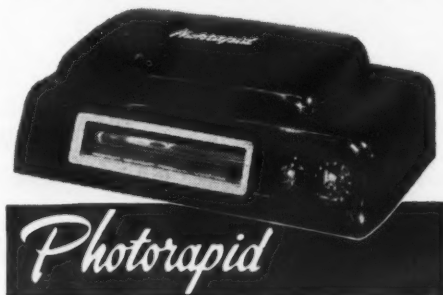
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# How to combine INTERNAL & EXTERNAL Public Relations

A growing company reaches the point where its own public relations department can't do a completely effective and objective job. At that point or before, say these authors, management should avail itself of PR counsel, which can provide a balance and a new viewpoint to the PR program. Here are the methods by which internal and external PR can be made to augment each other.

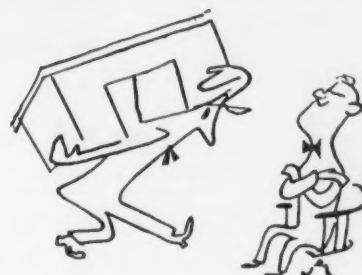
**EDITOR'S NOTE:** This article is written by authors with an ax to grind. In various sections the authors, William Ruder and David Finn, recommend the use of services such as those provided by their own company, Ruder & Finn Associates, New York City. However, before publication, we checked the manuscript with other authorities in the field who agreed that the points presented are in line with their own experience and opinions.

Every public relations minded management should understand the difference between an internal and external PR opera-

tion—and what the reasons are for using either or both.

There has been much said on internal versus external PR. But these are not really alternate choices. There's a time and place for *both*. If you don't combine them when they should be combined, or if you combine them in the wrong way, you're throwing away your money . . . and jeopardizing your PR potential.

You may be surprised to learn that every company has a public relations director. In a one-man op-



- 1** Leap-before-you-look: hire an untried, outside expert



- 2** Jack-of-all-trades: tack PR onto someone's present duties



- 3** Wash - hands - of - whole - affair: dump entire job on counsel



- 4** Best-of-all: combine internal and external public relations

# How they handle their personnel

by William L. Barton, Personnel Director, East River Savings Bank

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Programs  
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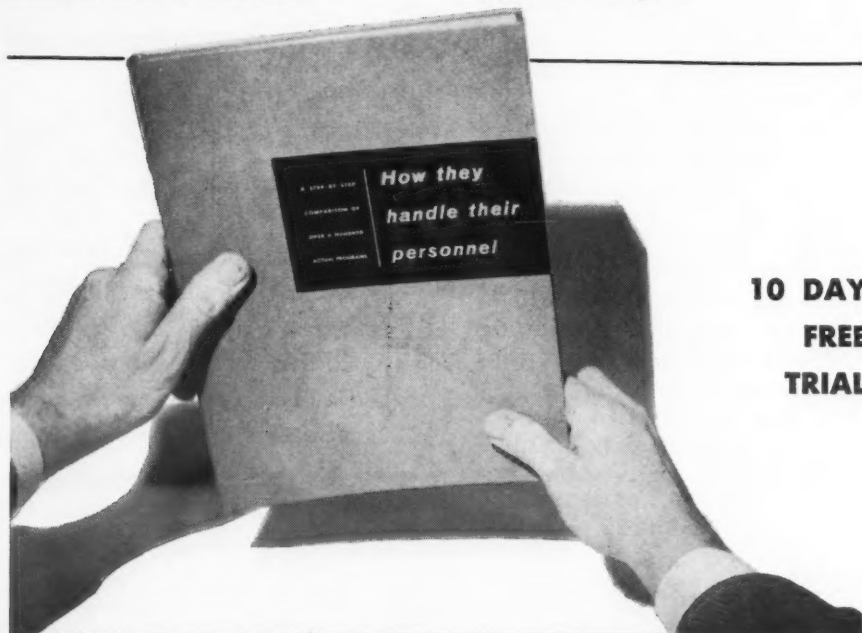
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eration, PR is a function of that one man. And in a multimillion dollar corporation, it still might be the function of the top man—the president.

In most companies (beyond a certain size) the internal PR requirements can be analyzed into two components: 1) management participation, and 2) detail work, or operations.

Sometimes the detail work is handled by the president's secretary, sometimes by a high level vice president (who should be finding more profitable ways to spend his time), sometimes by a sales manager, advertising manager or comptroller. And sometimes the president, even in medium to large sized companies, actually spends his own time in needless PR detail work, such as making copy changes in routine company announcements.

In a growing company, the president faces this question: When and how should I delegate PR responsibilities to others?

Should he assign it as an extra duty to one of his management group; should he hire a highly skilled professional PR man; or should he hire a less experienced man who can handle the detail work, while he, the president, retains managerial control and direction of the PR activity?

Generally speaking, the wisest move is the latter. The others hold bigger potential danger, and may lead to an unhealthy internal PR setup a year or two hence.

Here are three examples of unbalanced internal PR setups which grew up in this way:

#### **CASE ONE: Delegation of responsibility to unproven executive.**

The president of a company in the plastics business, billing \$10 million annually, felt he knew nothing at all about PR. He decided to hire "a top notch expert." The man hired seemed to have excellent qualifications: he had worked for several well known companies in related fields and seemed to be on a first name basis with top editors.

Actually, he was unfamiliar with the public relations problems faced and approaches needed in this type of plastics business. He com-

pletely misled the company management for more than a year.

The trouble was that the company president relied too heavily on his PR expert's expertness. The president did not have the necessary knowledge to evaluate the worth of the man's efforts. Unfortunately, it was not until some bad mistakes were made by the PR director that the company realized how costly its error had been.

#### **CASE TWO: Delegation of responsibility to an executive with no experience in PR.**

A company in the camera business decided to assign internal PR to its advertising manager. This man was to "be the boss" of the PR program. However, top executives had grave doubts about his judgment in this field; they kept injecting themselves into his PR affairs, countermanding his plans at every step. The situation was mutually frustrating, and, of course, the public relations efforts turned out to be completely abortive.

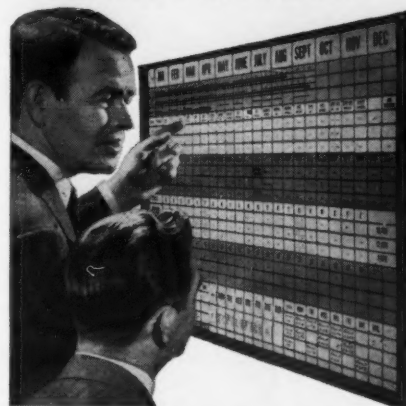
#### **CASE THREE: Under-delegation of responsibility.**

Here is a common error. The head of a building materials firm didn't want to be bothered with PR activities. He thought he'd solve his problem by hiring outside counsel, and authorize them to carry the ball completely. The PR counsel launched a program, but since there was no one *inside* the company to handle the detail work, the president himself had to be bothered with endless petty assignments. In his anxiety not to become too encumbered with PR, the president accomplished just the opposite.

The problem is to strike just the right balance between top management participation and the delegation of responsibility for the detail work. The healthiest way is to start building from the ground up. Get a detail man first—a man with perhaps a year or two of public relations experience, or of writing for newspapers or trade publications. Let him work directly under the supervision of top management—preferably the president.

Then, when the company is of a sufficient size for the president

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to begin parcelling out some of his top management functions, he can hire a well trained PR man to operate on a policy level. The PR director should be equipped to carry out policy, and to relieve the president of all responsibility for supervision of PR operations.

### When to hire outside counsel

Should a company reach the stage of having its own PR director before hiring outside counsel? Should it have at least some kind of internal setup for handling of detail work?

The answer to the second question, we believe, is—yes. The answer to the first is—not necessarily.

The major point to remember is that a PR counsellor is an outsider; he can never be a substitute for or a part of your own management PR function. This is his major asset—and possibly his major liability. It will be a liability if you try to make him PR helmsman for your corporate ship. It will be an asset if you make use of his objectivity as an outsider in helping *you* steer a straighter, sounder course.

Outside counsel can serve your company on either an operational level, a management level, or both. Whichever he does, it's up to you to build a firm bridge between him and your company, so that he doesn't dangle like a broken arm.

Before deciding to hire outside counsel, determine what work can best be done outside. The following three major reasons for deciding to hire outside counsel should prove helpful in making this analysis:

**1. Need for PR evaluation and planning.** Most growing companies reach a point when they begin to wonder whether their subjective PR point of view is leading them on the right track. Thus one of the healthiest and most significant reason for seeking outside counsel is to get an objective point of view.

A realistic management knows that the face it sees in the mirror is not quite the same face that others see; it is "posed" to gratify the wishful thinking of the looker. Only an outsider really catches the unguarded look, and in corporate life it is precisely those unguarded moments that most need public relations orientation.

**2. Need for special skills too expensive to hire full-time.** This need is usually brought home to

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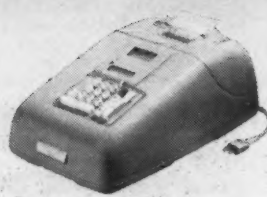
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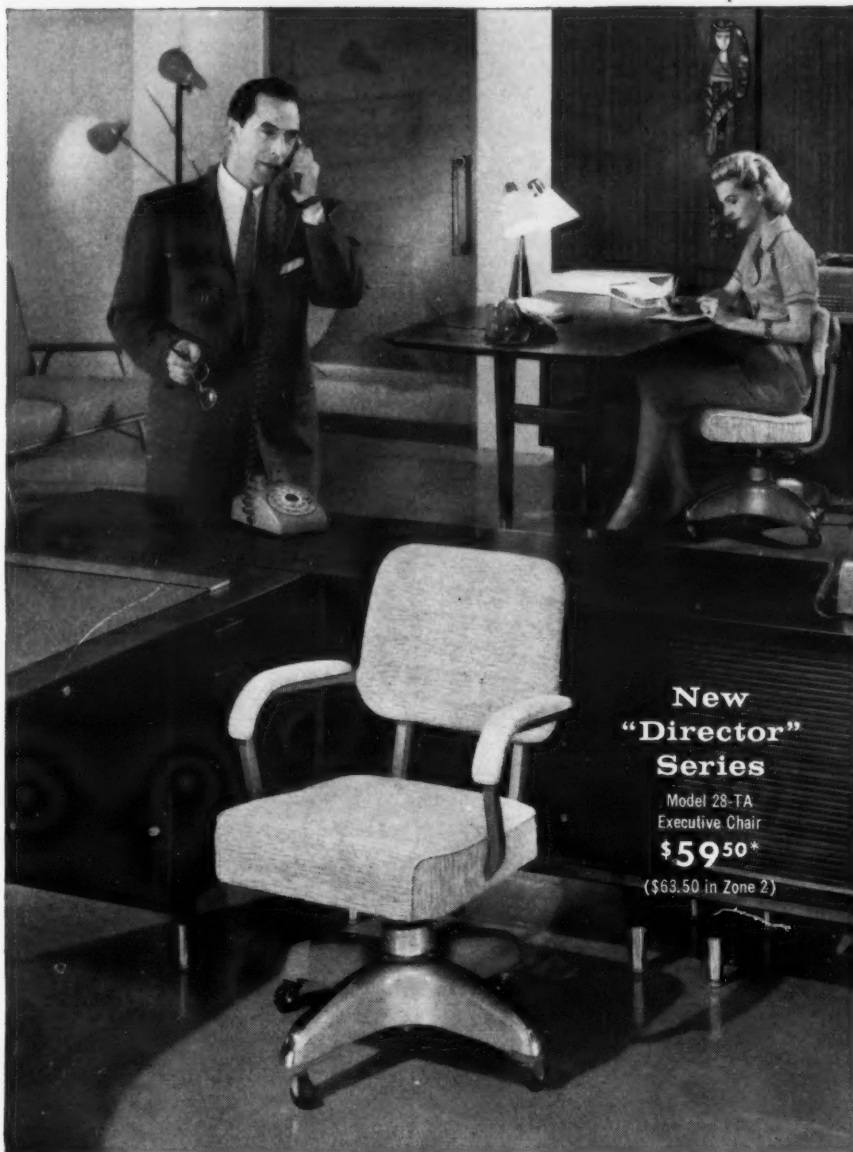
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management when a particularly important event is coming up: a significant financial report, an important trip by a top executive, a new product or factory, a company reorganization, a sales drive. All these are legitimate reasons for hiring outside counsel. They may be viewed as ends in themselves, and the relationship with counsel may be designed to terminate with the completion of the assignment. On the other hand, if such short term PR projects are used to establish a continuing relationship with your PR agency, you set a pattern of broadening results.

**3. Internal PR setup is no longer able to keep up with the volume of work.** This is usually a good sign that the time has come to set up a combined internal-external PR arrangement. The danger is that the outside counsel will be hired to take over the detail work, and free the inside people for "more important" work. This, of course, is wasteful and in the long run will be unproductive. A PR agency's professional experience should be utilized in analyzing the full workload, and in planning a program of cooperative effort.

The implication of all this is that all growing companies eventually reach a stage at which it is advisable to have both an internal PR department and outside PR counsel—just as it is wise for all companies eventually to supplement their own internal financial or accounting setup with an outside accountant or auditor.

There is, of course, a vast difference of opinion among companies as to which functions are best suited to internal handling and which to handling by a PR agency. Often, a lot depends on whether the counsel is used in a full sense, or only for limited assignments. Sometimes, also, the internal PR man is a specialist in one field (such as financial PR) and outside counsel is used more broadly in other areas.

Generally speaking, however, there are certain areas of activity which seem to fall more naturally into one group than the other. For example, activities which are closest to the day-to-day operation of the company, and for which it is logical to have a full-time man on the spot, usually should be as-

\*All prices shown are for DuPont Fabrilite upholstery; other fabrics slightly higher. (Zone 2—Texas and 11 Western States)

(Circle number 317 for more information)



signed to the internal PR department. These include:

*Plant relations*, such as maintaining adequate internal communications like bulletin boards and newsletters; keeping staff informed on new personnel, and about personal news from all personnel. It is distinguished from labor relations, which involves management policy, and on which outside counsel is often called upon for guidance.

*Community relations*, which calls for contact with local groups such as Boy Scouts, the PTA, church organizations, cultural groups. In order to maintain these relationships over a long period of time, the PR person should be identified fully with the company as a full-time employee.

*News collecting*. It is very difficult for an outsider to keep completely abreast on a day-to-day basis with what's going on within a company of a newsworthy nature. Some internal arrangement is necessary.

*Special kinds of personal writing*. Sometimes an executive has a very personal approach to writing articles, speeches, or messages in key publications such as annual reports. This is particularly true when the executive is himself a good writer, with a style of his own. When he feels it important to inject such a style into more writing assignments than he can himself take care of, it is often wise for him to hire an inside writer who can learn to prepare material in his way.

*Maintaining relationships with special non-business friends of the company*. These might be in government, in educational fields, in scientific research—or other areas.

#### External functions

Now, here are examples of some PR functions that are most often best handled by an outside agency:

*Establishing a "PR profile."* Employees of the company usually find it difficult to assess its current state of public relations. The delineation of a company's personality, with proper thoughtfulness and insight, is often one of the most valuable contributions outside counsel can provide.

*Pacing the PR activity*. It is often difficult for company PR men to

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(Circle number 318 for more information)

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## INCREASE SALES!

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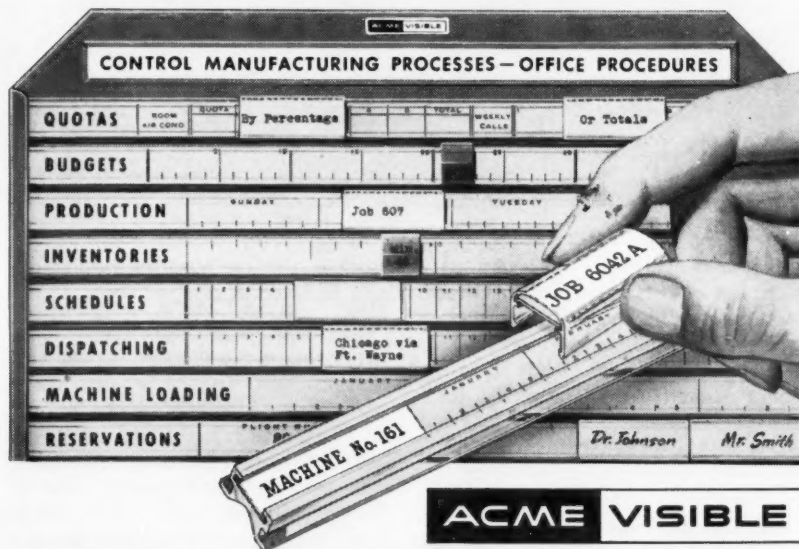
Do you have a product or service needing a constant reminder before a top executive buyer clientele? If so, embed your message permanently in a sparkling Lucite 3-D PLASTALLION. Many case histories of unexpected sales increases... PLASTALLIONS bringing in orders salesmen couldn't get. Send for our FREE 30-page catalogue illustrating a wide variety of PLASTALLIONS.



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(Circle number 319 for more information)

decide how much or how little PR activity is profitable. The judgment is easier when one company can be compared to many others, and outside counsel is in the best position to do this.

*Helping in creative planning.* Outside counsel can be extremely helpful in defining major objectives, both for the total PR program, as well as the various segments. Professional PR counseling firms deal with a wide variety of PR problems. Because of this, they can help internal departments find constantly fresh approaches in dealing with PR projects.

*Projects in which specialists are required.* These may range from work with organized groups (veterans, religious groups, fraternal organizations, etc.) to projects involving government, or special types of media such as consumer magazines or network TV. Outside counsel, handling many clients, can afford to hire such specialists to work on several projects at the same time, while one company seldom has enough of such work to keep a specialist busy full-time.

*Evaluation "in depth" of PR problems.* Outside counsel usually can provide a cross-section of PR experience in its own top management to help analyze major PR problems facing a company. Since outside counsel is usually comprised of more people than is a PR department, this group PR thinking can be very valuable. It isn't, of course, always a negative function, that of problem analysis, and often is directed towards developing new opportunities.

Work in some of these areas, and in many others, requires effective joint thinking on the part of both internal departments and outside counsel, and liaison with both of these and top management. PR is a continually creative, dynamic activity, which cannot afford to become a stereotype.

When it is being worked on for so complex an entity as a corporate enterprise, with so many different people involved, on different levels both within the company and without, smooth inter-relationship between the two groups becomes an art to be mastered. When it is mastered, PR activity can make a major contribution to corporate success and wellbeing. m/m





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For more than 50 years, a complete line of time-saving signals and indexes

(Circle number 322 for more information)

## Weather

(Continued from page 43)

paper. These are often accompanied by maps and summaries of weather elsewhere. The information is usually supplied by the U. S. Weather Bureau office in your region.

2. Listen to one or two good weather forecast summaries daily on the radio or TV. Almost every station now broadcasts such information regularly.

3. Try a simple correlation of weather to some aspect of your business, i.e., good and bad weather to good and bad production days, high and low sales periods, and so on.

4. Decide where you stand on research. Sooner or later, you may find it advisable to analyze historic weather records and relate them to your past business records—making projections from there. This may be rewarding in terms of general information—or it may reveal nothing. Decide whether your setup warrants a historic weather study—and if so, whether you should do it yourself or hire a weather consultant.

5. If you decide to use advance weather forecasts in your business strategy, decide who is going to be responsible for obtaining and preparing such information. Anyone on your staff familiar with statistical work can be a logical first choice.

6. Using the weather, you will be working with new ideas, new terms. Take the trouble to understand what various forecast expres-

sions mean. Item: "Scattered showers," contrary to much popular opinion, does not mean "on-and-off" rain everywhere over a given region for a given time; it does mean that there is a chance of individual, discrete rainshowers occurring in scattered parts of the region (many simultaneously) during the period of the forecast.

All important in relating weather to business is the time factor. It may not be enough to know that it will be hot tomorrow. The crucial question may be—What time of day will it be hot? The same is true—with broader leeway—for long-range forecasts.

For example, a softdrink manufacturer thought that when the day's humidity was forecast to be greater than 75% and the temperature was forecast to go over 90°, his sales should surely soar. What happened was that these maximums occurred after sundown when the adult population was mostly at home. Result: beer consumption went up, but not the softdrinks that would have been consumed had the peaks been reached during the working hours.

## Why private forecasters?

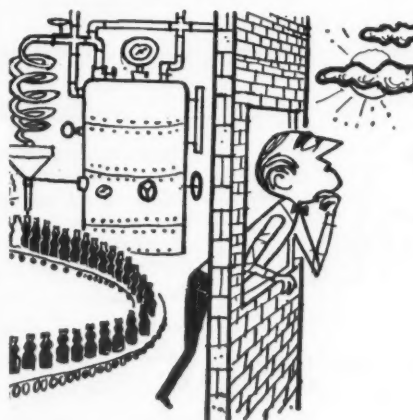
Why hire a private weather service, when I can get the information free from the radio or U. S. Weather Bureau reports?, many businessmen ask. The answer is that government information is compiled for the public-at-large, not for businesses individually, or even generally. Law forbids the Weather Bureau to help or advise individuals with weather problems.

Nonetheless, the USWB is the prime source of data. No private weather concern could hope to duplicate the widespread information-gathering setup run by the government (it deals with such things as sun spots, the state of the world's glaciers, distribution of upper level winds, and jet streams). Therefore, all forecasters—government, private, professionals and informed laymen—use the same facts and figures, but they all use these differently.

## Forecasts as promotion

One significant use of weather forecasts is for promotion purposes. Many companies have found that forecasts are a natural attention-

Shall we ship today?



getter. Thus, for example, one firm may sign up a meteorologist to prepare a monthly weather chart that is sent to dealers or customers, simply as a means of building goodwill. Another company may go a step further and supplement the graphic forecast charts with a sales message.

Will it snow in the Northeast?



One large air conditioning company started out using a weather consultant to get information for its own internal use, next began to send promotional weather forecast folders to its hundreds of independent dealers, finally used its weather facts as the basis for revamping its newspaper advertising campaign. The company had been conducting a nationwide ad campaign from its home office. This was replaced with an arrangement wherein local dealers did their own local newspaper advertising. A spokesman for the company points out: "It used to be that when it was sweltering in Dixie and our air conditioner ads were hitting home to newspaper readers there, many inhabitants in the northern states were still firing up their furnaces—using the newspapers containing our ads. . . . Now our local ads appear only when the weather forecast indicates they should."

The weather has begun to enter into the planning of everything from ordering schedules in the purchasing department to menus in the plant cafeteria.

Before long, it may become a competitive necessity for you to include the weather in your short-range and long-range planning. Right now it might provide you with a competitive advantage. m/m

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(Circle number 311 for more information)

A new, more  
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for cashiers and  
draftsmen



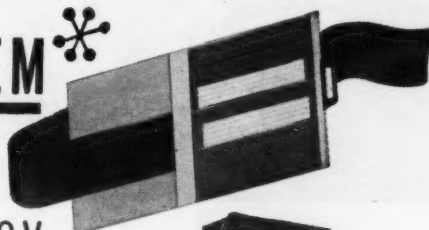
The **Sturgis 837**

At last, solid comfort and posture support in a "high" chair! Big, soft, foam rubber cushioned seat. Foam rubber cushioned backrest curved to snuggle into the small of the back and give firm support. Footring located for comfort and welded to frame for stability and safety. This chair is available in three adjustable seat heights ranging from 20"-24", 24"-28", 28"-32". Ask your Sturgis dealer to show you the No. 837 High Master. The Sturgis Posture Chair Company, Sturgis, Michigan. Address inquiries to The Sturgis Posture Chair Company, General Sales Offices, 154 East Erie Street, Chicago 11, Illinois.



(Circle number 325 for more information)

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## THE GIANT STEP FORWARD IN BUSINESS DATA PROCESSING

How a bank  
will post  
daily changes  
into 700,000  
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records in less  
than 1 hour!

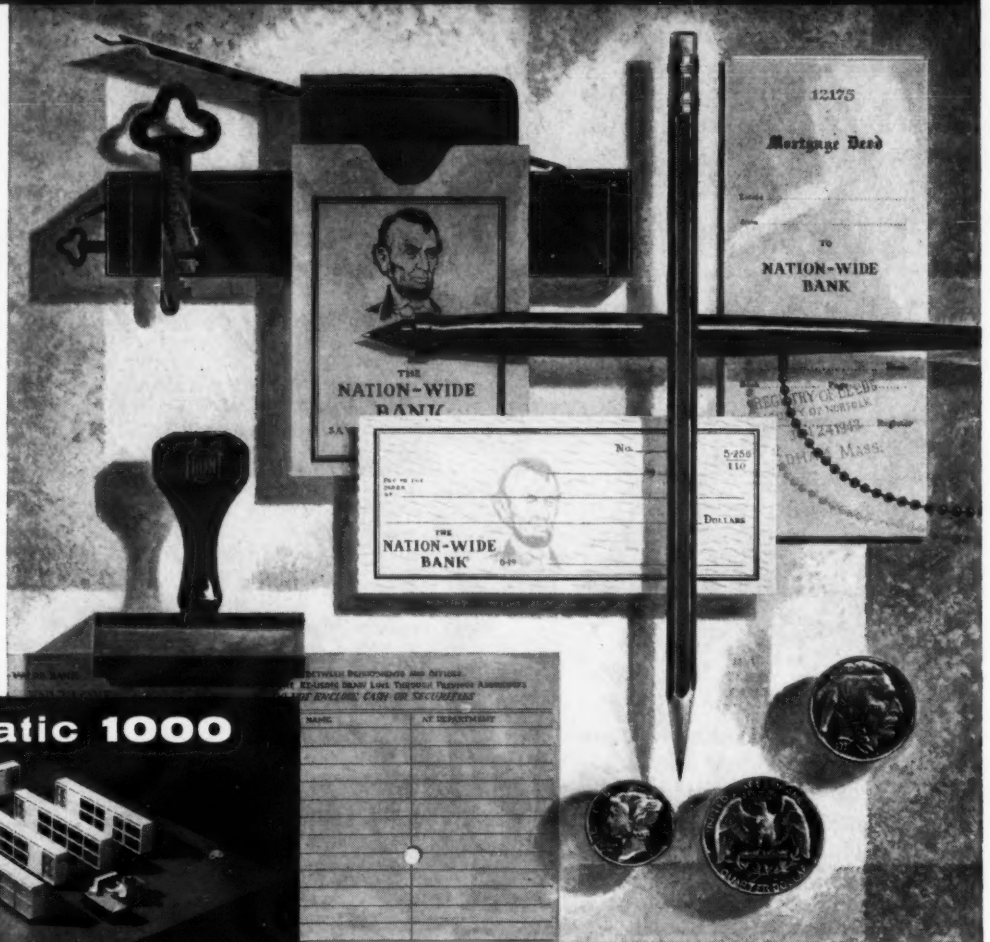


This new Electronic Data Processing System solves the paperwork problems of large-scale business —

**LEADING BANK.** The DATAmatic 1000 will update 700,000 stockholder records, 100,000 deposit accounting records, 8,500 personal trust records and 65,000 installment loan accounts daily. *Sample performance:* Post an average of 4,000 daily changes into 700,000 stockholder records in less than one hour!

**LARGE MANUFACTURER.** The DATAmatic 1000 will compute and integrate production schedules and maintain inventory records for 100,000-unit weekly output (involving 8,000 basic types of devices and 15,000 part numbers) . . . compute payroll for 14,200 employees . . . perform labor distribution accounting for 8,000 production workers. *Sample performance:* Process an average of 25,000 daily transactions in 2 hours!

**HOSPITAL-MEDICAL SERVICE ASSOCIATION.** The DATAmatic 1000 will maintain up-to-date 1,600,000 subscriber records, and process transactions such as billing,



service reports and posting of receipts. *Sample performance:* Process an average of 25,000 daily transactions in 2 hours!

What sold these businesses on the DATAmatic 1000? Its amazing speeds, of course . . . but above all, the fact that this is the system designed *specifically* for business. All elements of the DATAmatic 1000 — processing speeds, file capacity, flexibility, reliability, ease of programming — are perfectly combined for handling an almost limitless variety of large-scale operations.

*Your organization may well find the DATAmatic 1000 ideal for cutting costs of office processing work . . . and for providing management with accurate up-to-the-minute reports on which to base daily decisions. If you are considering any large-scale data processing program, you will want to evaluate the DATAmatic 1000. Our applications engineers will be glad to discuss your requirements. Courses of instruction and programming are available. Write for details.*

# DATAmatic

CORPORATION

151 Needham St. • Newton Highlands 61, Massachusetts

(Circle number 326 for more information)



## consensus

ELECTRONIC BRIEFS  
WORTH REPEATING



### *Cool-running transistorized computer*

High speeds and extensive command structure enable a new computer to tackle the most complete mathematical problems, says its developer, Philco Corp.



Featuring low power consumption, printed circuitry, and light weight, Transac S-1000 is completely transistorized, requires only minimal air conditioning. Equipped with casters, the desk-model unit can be integrated into any setup. Appeal-to-executives: no preliminary installation work, no special wiring, plugs into any existing 110-volt, 60-cycle outlet.

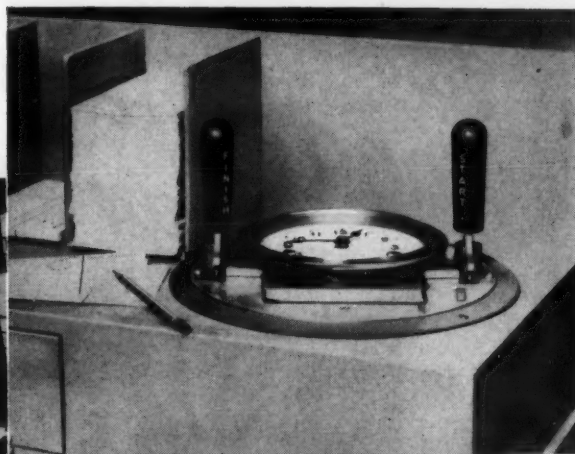
Auxiliary devices include high-speed perforated tape reader and punch, magnetic tape if so desired, and teleprinter for manual insertion and read-out.

For more details, circle number 417 on the Reader Service Card.



### *New management control film*

Executives desiring to introduce their managerial groups to electronic data processing now have available a 15-minute, animation film for just such a showing. Entitled, *Elec-*



## CALCULAGRAPH furnishes accurate cost data

### *Automatically*

Take the guesswork out of your production costs with a dependable, economical Calculagraph system — a system that gives you accurate time costs automatically.

What's more, many workers can record starting and finishing time on the same Calculagraph and the ELAPSED WORKING TIME for each is computed on your job cards — to the minute or tenth of an hour.

Investigate, install Calculagraph now and know your exact time costs.

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DEPENDABLE ELAPSED TIME COMPUTERS SINCE 1892  
(Circle number 327 for more information)

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35,000 tab cards\*  
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## *the New* STANDARD Modular **ROL-DEX unit**

**Records roll to the clerk!**

- rolling tray carriages add speed-reduce fatigue •

**Maximum capacity—minimum floor space!**

- 35,000 tab cards\* in 4' 4 1/2" space •

**and you use your present records!**

*3 models to choose from-* Sit-Down,

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*\*adaptable to 3 or more record sizes-*

Standard Models available for 7 3/8" x 3 1/4" (tab),

6" x 4" or 5" x 3" cards.

All Standard Rol-Dex Units are available for shipment direct from stock.

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Coupon  
for  
New  
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**WATSON MANUFACTURING CO., Inc.**

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Please send literature describing new Standard Rol-Dex to:

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(Circle number 328 for more information)

*tronic Computers Improve Management Control*, the 16 mm film compresses the broad scope of electronic operations into its short running time. The movie was produced by the University of California at Los Angeles. It is available for sale or rent. A novel musical scoring actually taken from the tones produced by a paper tape punch, enhances, but does not detract from the movie.

For more information circle number 414 on the Reader Service Card.

### *Independent computer services growing in number*

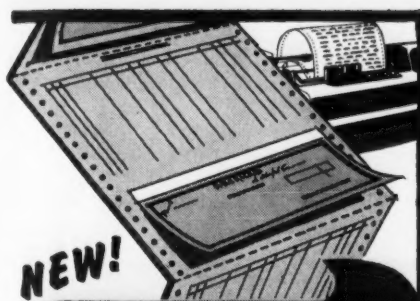
Electronic data processing of records, statistics and other business information is now available through several independent computer facilities.

In the Southwest, Datics Corp., 6000 Camp Bowie Blvd., Fort Worth, Texas, works under contract in the realm of large-scale computing, data processing, data reduction and consulting. Datics also offers research and development in related areas.

In the East, the Council for Economic and Industry Research, Inc., Washington, D. C., has just opened a new computer research center in Arlington, Va. Company officials say this is the first independent service equipped with IBM's 704 large scale computer.

Executives note: typical problems services this organization will handle include economic development programs, market projects, production scheduling, planning of transportation programs, plant locations, simulations of operating problems for management guidance, and operations research generally.

In addition to handling data processing projects for clients, C.E.I.R. also undertakes design of complete data processing systems for companies—



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## ELECTRONIC CHECKS ON LITHOSTRIP Continuous Forms

**SAVES** up to 90% of sorting costs with automatic reconciliation

**NOW!**

PRE-PUNCHED, PRE-NUMBERED TAB CARD CHECKS "ride free" on CONTINUOUS forms... useful on tabulators, teletypes or typewriters. CHECK RECONCILEMENT is obtained at a tiny fraction of manual cost by using punched card sorter, collator and tabulator.

ELECTRONIC CHECKS also available on Litho-sets... requires no change in your present method of preparing checks.

We engineer many types of office forms. **CONSULT US.**

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EXCLUSIVE  
FEATURES,  
Including:

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MAY 1957

including selection of appropriate units.



### Business applications of electronic data processing

Planning a firm's electronic system is the subject of a spring course for business executives. The sponsor, Canning, Sisson and Associates, states that the first session will be held in New York from May 20th through 24th, and the second session, also in New York, will be from July 22nd to 26th.

Emphasis will be on applications rather than details of particular equipment. Points-to-be covered: patterns of data processing, making the systems study and procedural analysis. Examples are to be drawn from production and financial control in business.

A repetition of last fall's highly successful offering, this new course features an innovation: session on random access developments. This new phase in data processing is based on fast access to file information—gives management almost instantaneous appraisal of each day's transactions.

Cost of the 30-hour course is \$160. Sessions will be held twice daily, from 9:00 a.m. to 12:00 noon, and from 1:00 p.m. to 4:00 p.m.

For more information, circle number 415 on the Reader Service Card.



### Payroll computations made electronically

Use of an electronic "brain" for payroll computations is announced by The Maytag Co., Newton, Ia. In addition to this function, the IBM 650 unit will also process data on production, inventory control and market research.

At present, the unit (with read-punch) records payrolls, compiles, weekly job cards, and tabulates account distribution, cost center cards and percent interval cards—all in one operation.

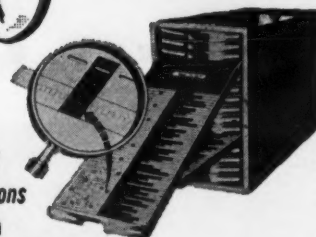


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(Circle number 332 for more information)

## Home Study Course In Programming Business Computers

A home study course, the first and only one of its type, is being offered by Business Electronics Inc. Designed for people without technical training or experience, it is based on a similar course members of the firm developed and are teaching at a large University.

Students are taught to develop and program electronic systems for business problems such as Payroll, Accounts Receivable, Inventory Control, etc. for a theoretical electronic computer called BEC.

BEC was designed for instructional purposes and includes the best elements of commercially available computers. The knowledge the student gains from BEC can be applied to any computer. "Programming for Business Computers" provides an opportunity for the student to study at home at his own convenience for only a few cents a day.

Free brochures describing the course are available upon request from Business Electronics Inc., Educational Division, 420 Market Street, San Francisco 11, Calif.

(Circle number 329 for more information)

75



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Arnot PARTITION-ettes create an office atmosphere that results in greater profit-making efficiency. Movable, free-standing and completely flexible, they allow for change and changing whenever the need occurs.

PARTITION-ettes will help solve your space problem economically and quickly. Available in steel or in genuine Walnut... always in stock, Arnot PARTITION-ettes come in four heights (all the way to 86") and 12 widths.

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ideas

from

abroad

## How a British firm cut absenteeism in half

Absenteeism at Pasolds Ltd. was causing management to tear its hair. Then a bonus was set up for employees and they were docked for being absent—regardless of the reason. Bonus payments come from money the company saves as a result of smoother production. Thus everyone benefits, including the part-time workers who have decided to sign up for full-time jobs.

**LANGLEY, ENGLAND**—Pay employees dividends in addition to salaries and absenteeism can be halved in one year.

This has been the experience of a British knitwear manufacturer, Pasolds, Ltd., which claims its scheme to thwart absenteeism has saved 55,000 manhours, stabilized the labor force, and saved money in the bargain.

The system, initiated late in 1955, works this way:

Full-time employees get a cash bonus for every 16-week period they are at their jobs every working day. For every half-day they are absent, the company deducts a stated amount from the total dividend.

The rule is applied rigidly. No excuses are accepted. If a worker doesn't show up, says Pasolds, production is disorganized whether the worker is in the hospital after an automobile accident, or has simply decided that it's too nice a day to work. Whatever the reason for the absence, he loses part of his bonus. At no time, however, are regular wages involved.

In presenting the plan to their employees, Pasolds pointed out that absenteeism and high labor turnover were costing the company £500 a week. Four-fifths of this waste could be eliminated, the company said.

"If you can save that amount, it's yours in the form of a dividend."

The money paid to the employee, the company added, would be net; Pasolds would pay the tax.

In addition to cutting absenteeism, the plan enabled Pasolds to reduce labor turnover. Located in a non-textile area of Britain, the company must train every new factory employee. In the past, a girl would spend days learning to operate a sewing machine, for example, then decide to leave. Pasolds had to hire a new girl and spend more time and money to train her. Under the bonus program fewer people leave; the cash dividend is a strong incentive to stay.

Another factor in stabilizing the labor force is the fact that the plan is open to full-time employees only. Pasolds formerly had to de-

pend on part-time workers to a large extent. Now many of these have decided that it's worth their while to work full-time, earn a larger salary, plus that extra dividend every 16 weeks.

Inevitably there were a number of headaches when the plan was first proposed. Chief among these was the opposition of the 120-person office staff. One of the essential features of the plan was the use of time cards. To minimize paperwork as much as possible it had been decided that time clocks would serve as the check on whether an employee had been absent or at work. The office staff had never used time cards and resented the idea of clocking in and out as did the factory workers.

During several conferences the management stressed the additional problems—and paperwork for the office staff—that would follow if time clocks were *not* used. Management also emphasized that the plan was completely voluntary and anyone who did not wish to participate could simply not use the time cards. Result: 117 of the 120 members of the office staff went along with the scheme—and with the time clocks.

### Plan pays for itself

Pasolds is understandably enthusiastic about the program. With more than 55,000 manhours saved during the first year, while the number of employees has remained at about 750, the company figures that the dividend plan more than pays for itself by reducing waste, increasing efficiency in the factory, and making possible more dependable production schedules.

*Material in this article was taken from a story in the January 1957 issue of the British publication Business.*



"How much discontent is bred by a long-range training program?"  
**WENDEL**

he will be beyond the happy limitations of a 40-hour week and free to work 60 or even 80 hours a week in pursuit of success. And the business world does all it can to make him think there is something wrong with him if he doesn't want to do this."

Reading these two books, what is the young and inexperienced recruit to think? Are young men in management working hard or aren't they? Does the company employing him expect him to work hard or doesn't it? Should he want to work hard, or should he feel that there is something wrong with him if he is devoting too much time to business?

Richard K. Bard, who is director of recruitment for Campbell Soup Co., has neatly summarized the confusion that many trainees have in their minds concerning the management job. Mr. Bard, who has interviewed hundreds of seniors, was one of the participants in the roundtable discussion conducted

by **MANAGEMENT METHODS** at the Wharton School.

**Question:** Mr. Bard, do you feel that recruits launching their business careers have a reasonably clear conception of management as a whole and what part they can expect to play in management?

**Bard:** I believe most recruits entering business think in terms of working up into management, but often do not know what the field of management actually involves. They want to get into management, but they don't know how they should go about getting there and in some cases they don't know why they want to.

#### **Team man or individualist?**

One thing that seems to confuse trainees in their thinking toward management is the equation: teamwork versus individualism. This equation has been brought into sharp focus in recent years, by the spiralling complexity of business and management.

Excerpt from the roundtable:

**Question:** Which do you think is the preferred attitude for an executive to maintain, an attitude of teamwork and human relations or an attitude of individualism?

**Schlaepfer:** I think because the job of management has changed through the years and now calls for a great degree of specialization, and a great number of specialists whose efforts must be coordinated, the teamwork approach is best.

**Wendel:** For almost the same reasons, I think the attitude of individualism is preferred. In one sense, management specialization means that you should maintain a separate approach to things. The coordination comes through the art of communication which every executive should develop.

In his book, William Whyte creates a true conflict between the teamwork approach and the individualistic approach to management. He reports a survey he conducted covering these two approaches, using his findings to ramify his theme that people entering management now are shift-



## WHAT STUDENTS SAID ABOUT COMPANY RECRUITING

### Generally speaking, how good are recruiters at finding talent on the campus and selling the merits of working for their companies?

They do a commendable job	68.7%
They do a superficial job	31.3

### What three factors would most help business firms to improve their recruiting?

Better followup of interview	66.7%
Offer more plant visits	39.4
Better recruiting literature	38.0
More pre-planning of campus visits	35.9
Offer more summer job opportunities	35.7
Better recruiters	29.9
More recruiters	14.5
More use of alumni in recruiting	9.8

### Do you think recruiters often overlook good job candidates?

Yes	65.5%
No	34.5

### On what three factors, in your opinion, do recruiters generally place primary emphasis (black), and if you were a recruiter on what factors would you place primary emphasis (color)?

Interview impression	75.2%	55.7%
Scholastic record	65.6	59.1
Personality	55.4	70.4
Extra-curricular record	37.9	37.4
Previous job experience	26.8	27.5
Personal appearance	15.5	18.0
Pre-employment & aptitude tests	11.7	22.9
Placement officer's recommendation	6.1	7.0
Athletic reputation	.3	0

### Do you feel that large corporations are in a better position than smaller firms to compete for the most highly qualified graduating students?

Yes	75.3%
No	24.7

### If "yes," what do you think is the underlying reason?

Have more and better jobs to offer	45.3%
Pay more	19.3
Are better known	15.5
Offer more security	14.8
Have more fringe benefits	5.1

ing away from the tried and true course to become mere "yes-men."

Whyte sent a forced choice questionnaire to 150 corporation presidents and 150 personnel directors. If they had to choose, he asked them, which of the following statements would they favor:

1. "Because the rough-and-tumble days of corporation growth are over, what the corporation needs most is the *adaptable* administrator, schooled in managerial skills and concerned primarily with human relations and the techniques of making the corporation a smooth-working team."

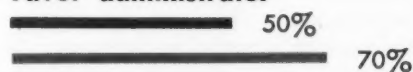
2. "Because the challenge of change demands new ideas to keep the corporation from rigidifying, what the corporation needs is the man with strong personal convictions who is not shy about making unorthodox decisions that will unsettle tested procedures—and his colleagues."

The chart shows the answers that Whyte received. The black bars represent the breakdown of the presidents' votes, and the color

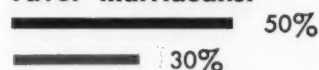
bars represent the votes of personnel men. All the percentages were obviously rounded off.

### Whyte's findings

#### Favor administrator



#### Favor individualist



Whyte received fewer than 100 returns of the 300 he sent. But he says the response was spirited. Understandably, many who answered said the question was contrived and that the forced choice between the two points did not reflect their true point of view on the subject.

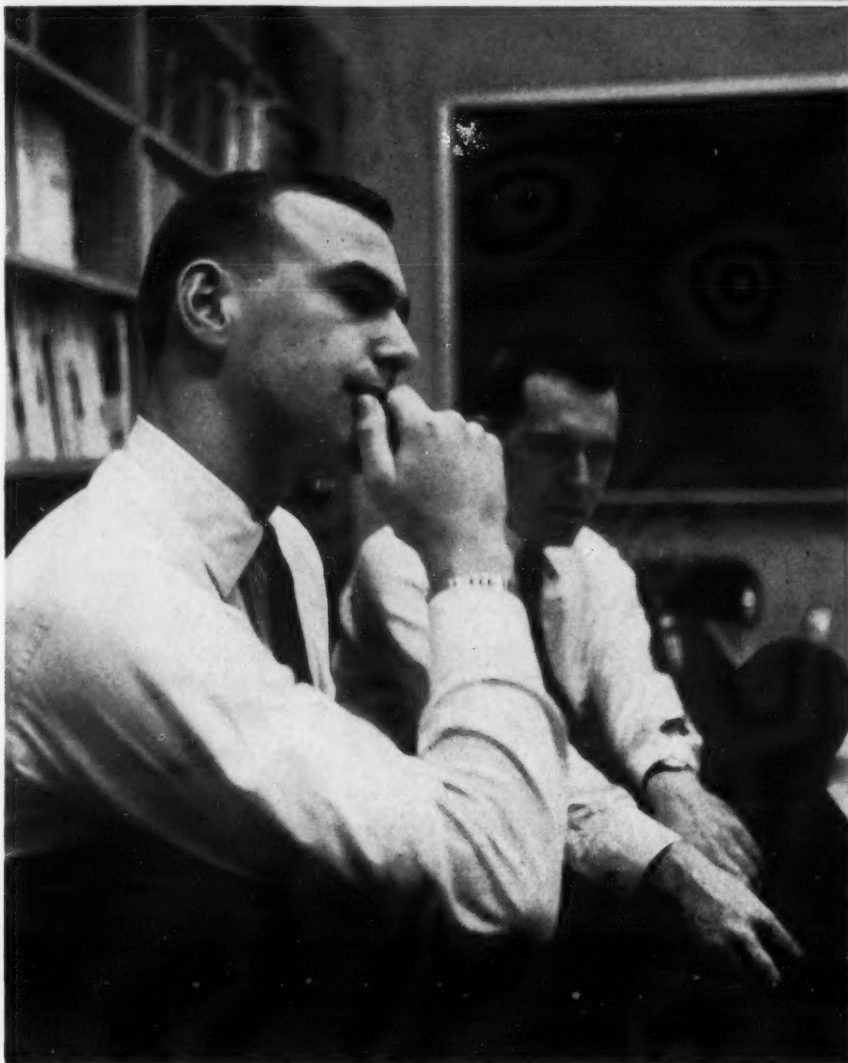
Nonetheless, Whyte uses these answers as a platform from which to launch a series of danger signals about the bureaucratic attitude

that he says has pervaded management. He points to his survey as evidence that this new attitude is spreading through the lower levels of management and is permeating

"The job has changed; teamwork is needed."

SCHLAEPFER





Most recruits have questions as to the part they will play in management.

upward. And why does it start at the bottom? Because students are bringing it in from the campus, where they have been imbued with it by their professors.

As an experiment, MM included Whyte's forced choice question in its own survey of students. As with Whyte's presidents and personnel men, many of MM's students gave spirited replies, criticizing the question for forcing them into a have-you-stopped-beating-your-wife answer. The breakdown of the students' answers, however, was as follows:

MM's findings	
<b>Favor administrator</b>	61%
<b>Favor individualist</b>	39%

A comparison of MM's findings with those of Whyte shows that students are *less* predisposed toward the teamwork approach (which Whyte says is indicative of bureaucracy) than are the personnel people already in business (although more so than the presidents whom Whyte surveyed). This seems to contradict Whyte's thesis that the new attitude has its inception on the campus. Instead, it indicates that something happens to a man to make him more teamwork minded *after* he gets into a company.

All of this, no doubt, could be interpreted in many ways. The results of MM's over-all opinion sampling, however, point to this as the most accurate interpretation:

There has indeed been a trend toward more teamwork and adaptability among management people. This is a positive trend, bringing

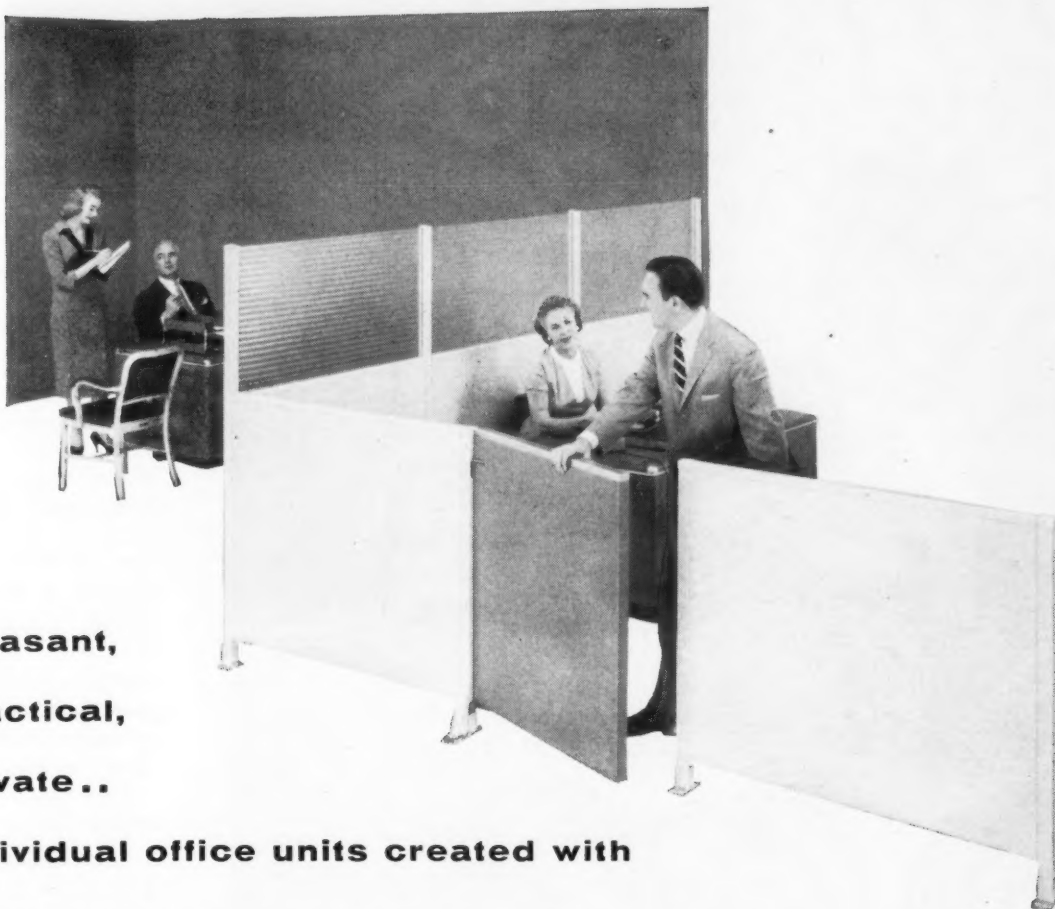
on positive results. It is caused by the growth and change in the scope of the management job, calling for more and better coordination among both management specialists and top level administrators. Because of the need, management people have been compelled to develop traits of teamwork, human relations and adaptability. These traits can and do in some cases become misguided and result in problems—including a shift to a bureaucratic type of management. But this is the exception, not the rule. The trend toward management teamwork does not begin on the campus, but rather in business itself, where the need for it arises. The trend is then reflected back to the campus where educators, for the most part, attempt to closely follow the trend of management and prepare their students for the realities they will face when they launch their careers.

Nonetheless, the dynamics of change in management have left the inexperienced graduate with some conflicting notions in his mind. The obvious missing ingredient is a sound and enlightened management concept.

It is safe to assume that the average recruit holds his conflicting notions about management in a state of fluidity until he begins to gain some actual experience. But soon after joining his company, on the basis of what he experiences, the recruit is likely to begin solidifying some of his ideas, tossing out the others. The result is that he begins to construct his own personal management concept—one that is certainly subject to change, but nonetheless one that he uses as the foundation for the management career he hopes to build.

If this concept is wrong, or if it is out of line with his company's objectives, a great deal of promising potential is going to be wasted—either because the recruit's management growth will be stunted, or because he will decide that the company wasn't right for him after all, and he'd better seek his opportunity elsewhere.

Thus the big problem facing a company hiring a new college graduate today is not solely that of



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Are colleges guilty of planting false notions in the minds of their students, or are they reflecting the change in the management pattern?

providing him with the training he needs to perform his specific job. More important, he needs the kind of training that will help him formulate a solid management concept that can serve as a positive guide in his continued management growth.

How this can best be done was made clear in the results of MANAGEMENT METHODS' research study. The facts are contained in the following section. But again, MM's findings are in contrast with the findings presented in *The Organization Man*.

## HOW TO TRAIN YOUR COLLEGE RECRUIT

**You get the best result by giving the recruit a chance to perform while he learns.**

**W**HEN A COLLEGE RECRUIT joins a company, he not only needs training—he wants it. But there are some other things the recruit needs and wants when he joins a company. Some of these other things

are equally as important as training—if not more so.

MM's research study sheds light on how important training is to a recruit, how much training he wants, and what kind.

In *The Organization Man*, William Whyte claims that what the recruit wants from his company above all is the guarantee of a formal training program—preferably a

"Some graduates should

long one. The reason given for this is not so much that the recruit wants the training itself. Instead, says Whyte, the recruit wants to use a training program as a means of putting off the day when he will have to accept real responsibility.

Whyte characterizes today's graduate as practically demanding a formal training program—and primarily for negative reasons.

MANAGEMENT METHODS' own study bears out the interest students have in a company training program. For example, one-third of the student survey respondents ranked a training program as a primary factor in selecting a job bid. But direct interview with students shows that Whyte has highly over-emphasized—and misinterpreted—the importance of formalized training.

Excerpt from the Wharton roundtable:

**Schlaepfer:** In my first job after graduation, I expect that my starting salary will be between \$450 and \$550 a month. However, it will depend on whether there is a training program involved . . .

**Question:** Would a training program mean you would take a lower salary?

**Schlaepfer:** Yes.

**Question:** Then a training program is pretty important to you.

**Schlaepfer:** Yes, but that's not the reason I'd settle for the smaller starting salary. If a company were making an additional investment in me



"The word 'flexibility'

look to small firms for the opportunity they seek." **MACDONALD**

through a training program, I think it would be reasonable for them to pay me less than if I were in a position to actually begin assuming responsibility.

**Question:** All other things equal, which would you prefer—to join a company and go through a formal training program, or to actually begin assuming responsibility as quickly as possible.

**Schlaepfer:** I would prefer the latter.

**Question:** A chance to take on responsibility is more important to you than a training program?

**Schlaepfer:** From the viewpoint that it would give me a chance to demonstrate my potentiality, yes. I would like to have the opportunity to prove myself.

**Question:** Do you think most other business students feel the same way?

**Schlaepfer:** I don't know for sure. I would say most of them do, but they are willing to postpone the chance to assume responsibility in order to take advantage of a really good training program.

**Question:** Mr. Wendel, what do you feel is the prevailing attitude toward formalized training programs among people entering business from college?

**Wendel:** I wonder how much discontent a company breeds by putting a recruit through an extensive training program when he has no ascribable responsibilities. I think you reach the point where neither the man nor the company benefits. I don't think they like the idea. They want to *do* something! In my own case, now that I've just about completed my college years, I don't want to join a company and

find myself right back in the classroom.

Other students interviewed by **MANAGEMENT METHODS** voiced attitudes similar to those of students Schlaepfer and Wendel: a training program has definite advantages but it is not something that the student is inclined to demand of his employer. It is not viewed as something to be prolonged as a paratrooper might hope to prolong his ground exercises—in order to postpone the day when he will have to go up and actually jump.

Recruiter Bard indicated that he thought his company, Campbell Soup, probably had the best answer to the recruit's desire for both training and responsibility.

**Question:** Mr. Bard, is it your experience that college recruits resent a formalized training program that keeps them away from assuming specific job responsibilities?

**Bard:** Generally speaking, yes. But I don't think the two are necessarily in conflict—they can be combined. For example, our company tries to provide a flexible training program, tailored to the needs of the individual recruit. And we try to give each recruit specific responsibilities too.

**Wendel:** Yes, that's the answer. I think most students would consider that kind of an arrangement ideal.

**Question:** How does Campbell Soup's flexible training program work?

**Bard:** Let me try to describe the program quickly. Let's say we bring in a man for the Industrial Relations De-

partment and we call him an industrial relations trainee. During his first year, he will be moved around to various aspects of the industrial relations job—but not simply as an observer, or simply to handle routine clerical chores, for example. He will get specific duties. He may actually investigate grievances for the Labor Relations Division; he may investigate accidents in the Safety Division; he may write job descriptions and help with wage survey, etc. During this time he is developing confidence and proving himself to our management. He is under adequate supervision, of course, and given constant counseling and guidance, but he is working. At the end of a year under this arrangement, he has, in fact, completed an initial training program and is ready to assume specific duties in his own right. The amount and type of duties he is given in this first year depend upon the man and his progress, not upon an inflexible, written policy.

We use the same general approach in all departments of our company—engineering, chemistry, accounting. The advantage is that the recruit isn't just observing and going through the training motions of a job he hopes to handle later. We think it's far better to encourage him to get up his momentum as quickly as possible and learn as he goes along. A number of executives in our company have come up through a flexible training program of this kind.

Almost all of the students interviewed by **MM's** editors expressed their favor for an arrangement that would permit them to perform use-



as applied to training a recruit on the job is vital." **MACDONALD**

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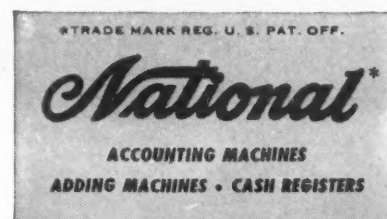


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ful work while going through their initial indoctrination and training. The preference for such an arrangement was found to be particularly strong among business administration majors and engineers, even more so among graduate students in these fields. Liberal arts students, generally speaking, were less emphatic in their desires to immediately assume responsibility, largely because they recognized that their broad educational background does not in itself equip them to handle business responsibility without some specific training.

The fourth member of the Wharton roundtable was Robert L. MacDonald, Penn's director of student placement. He added a note of caution to the discussion of how quickly a recruit should be given a chance to prove himself by being assigned responsibility.

**MacDonald:** I think the word "flexibility" as applied to training on the job for recruits is vital. Students unquestionably are looking for the opportunity to prove themselves—but at the right time. They shouldn't be forced to move into a job too soon, so that they will fail, and neither should they be forced to wait too long for responsibility, so that they get no feeling of accomplishment. From what I know of students, I think employers can serve themselves best, and develop their recruits best, by watching for just the right time to give the new man a challenging assignment.

## PROFILE OF TOMORROW'S MANAGER

Tomorrow's manager, as represented by today's campus recruit, is not nearly so ill-prepared or misdirected as he has been characterized by some. On many campuses today, he is receiving better preparation for a management career than was ever possible in the past.

The campus recruit does possess some confusing misconceptions about the field of management that he is entering, but these are caused largely by the vacuum of his inexperience. They can be overcome by the alert employer who provides a perceptive approach to orientation and training. The foregoing facts will serve as a useful guide in this respect.

### Small firms can recruit

Moreover, the findings of MM's study of the college student should provide encouragement to small and medium sized firms that have disqualified themselves from the competition for top caliber college recruits. Many smaller firms feel it is a waste of time to indulge in a recruiting program because good candidates will consider working only for giant firms. MM's study shows that the big firm does have an advantage, but that the small firm is by no means disqualified.

Even now, smaller firms have an

opportunity to get some of 1957's crop of graduates on their payrolls. Despite the fact that graduation day has just about arrived, many seniors—a sizeable minority if not the majority—are still seeking *the* job and *the* company best for them. It's not too late to start interviewing. Certainly it is not too late to begin planning a long-range recruiting program.

The primary point to remember in recruiting is that the program should be set on the same basis as a sales campaign—emphasize the features you have to offer that appeal most to the "customer's" interests. If you stress the security that a position with your company will provide, or the fact that the student can look forward to a long period of impotence because of your formalized and inflexible training program, chances are that you won't get far. The graduate doesn't want to be "stock-piled"; he wants a chance to handle responsibility while he is learning the ropes. m/m

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Today's recruit is not nearly so ill-prepared or misdirected as he has been characterized by some.



## Delegation

(Continued from page 46)

### 6

#### Spotlight delegation when being promoted

Every move up the ladder calls for delegating a larger and larger share of responsibility. A rule of thumb used by some: first level supervisors should delegate 25% of their responsibilities; top men should shed 95% of theirs.

Promotion always presents the opportunity, almost the obligation, for some immediate delegating. Do not try to retain control of the duties you leave behind.

To facilitate this, some companies move the newly appointed executive to other plant locations. Some promote only across channels.

In smaller companies, complete relocation is not always possible. In the common situation here where emeritus and incumbent are still on the premises, a good idea for the outgoing man is to delegate 98% of his old job the day he leaves it. The remaining 2% can be performed on a "consultant" basis—and this only if his successor asks it of him!

Complete weaning from the old job is essential. This is necessary to assure success in the new post, and also to give full "birthright" to successors entering new positions.

To help you get started at any time on a review of your delegating process, here are five checkpoints useful as a working guide.

- Are you covering all essential activities by delegation?
- Are you sharply defining each delegated duty to avoid duplication and misunderstanding?
- Are you even now providing for understudies and giving them necessary coaching so that your firm (or department) may develop flexibility and depth in its organization?
- Have you devised controls to spot-check the effectiveness of your delegation?
- Have you tailored the delegation to the man, yet left it as a challenge to him? m/m



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## How to develop a

As more companies set up executive bonus plans, they find that a bonus must be well conceived to be effective. Unless it makes an executive more productive and more loyal, it's a failure. Key factor to consider: taxes.

**EXECUTIVE PAY PLANS.** William J. Casey. *Institute for Business Planning, Inc.*, 2 W. 13th St., New York 11. 197 pp. 1956. \$12.50.

According to the American Manufacturing Association, about 45% of the commercial and industrial firms throughout the United States now use some form of incentive compensation plan for executives. The purpose of such a plan is to gear executive compensation to performance. This is usually done by gearing the bonuses to company profits. However, there has been a recent trend towards refining the basis of executive bonuses to tie the amount more closely to the specific responsibility of a particular executive. This has been common practice for sales executives, their bonuses being related to sales volume. Bonuses for purchasing executives have been related to standards of purchasing performance. Bonuses paid to department heads are related to profits earned by their department.

### Executive bonuses vary

Both the prevalence of executive bonuses and the importance of the bonuses in comparison to salary vary by industry.

Incentive bonuses will be more freely used and play a more important part in the compensation scheme in those industries in which there is a great premium on personal talent, initiative and drive. Wholesale and retail trade bonuses are likely to run to 60% of salary. At the other end of the spectrum, utilities, banks, insurance companies and other financial institutions have not adopted bonuses to any great extent. When they do, the bonus is likely to range between 5% and 15% of salary.

### Profits not absolute measure of performance

Profit sharing for key executives has the advantage that it creates an immediate and powerful incentive.

(Circle number 338 for more information)

## sound bonus plan

**EDITOR'S NOTE:** One of the most direct and effective ways for your company to solve the executive shortage is through a sound program of executive compensation. How to do it is described in thorough, understandable detail by William J. Casey's book. It digs into topics ranging from "How to evaluate your company's program," to "Split-dollar life insurance," and "Deferred pay contracts." The following article is a representative sampling of the book.

Its main disadvantage is the difficulty of determining how much profit should be taken away from stockholders to be used as a reward for executive performance and the danger that profit sharing may lead executives to press for current profits to the neglect of the long run health, vitality and profitability of the business.

Also, a company's business may be so well established that the executives should be credited only with extra profits. Thus McKesson and Robbins base their incentive compensation plan on "additional profits" which is defined as net income in excess of \$3.50 per share for the company's outstanding stock.

Another consideration is that executives may do a mediocre job and yet general prosperity will produce significant profit. On the other hand, executives may do an outstanding job in a period of poor business and yet profits will be below par. This has led a few companies to develop an executive incentive plan based on the degree to which the company's profits exceed a standard based on the average profits for the industry in a given year.

### Contract or company practice

Executive profit sharing may take one of these forms:

1. A contract committing to executives a specified percentage of net profits or of net profits in excess of a figure selected to represent the company's established earning power or the amount needed to maintain its dividend rate.
2. A non-contractual practice of declaring a bonus for executives based on the directors' evaluation of executive performance, its contribution to the year's earnings, the needs of the business and other pertinent factors.

The profit sharing arrangement, based on contract or company practice, may be made directly with specific executives or with a group of executives. In group plans the executives to be included may be designated

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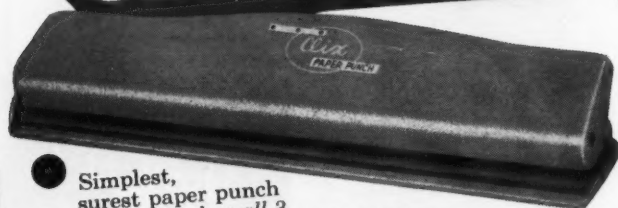


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in advance or selected by a committee on the basis of their performance for the year. Similarly, the proportion in which a group of executives are to share in a profit sharing fund may be fixed in advance, or it may be set in proportion to salaries, or it may be based on a merit rating formula, or it may be set by a committee reviewing executive performance for the year.

### Method of payment

Profit sharing distributions are made currently or they are deferred. They are made in cash or in stock. And many companies give some currently, some later on, some in cash, some in stock.

One virtue of a deferred distribution is that peaks are minimized. When a company has a very good year, executive profit sharing paid all in one year could put the executive in tax brackets where his bonus would not be worth much. This may be relieved by paying him his bonus over the succeeding four years.

Thus, for example, Monsanto Chemical pays its profit sharing bonus in four annual installments if it is "earned out" by the executive remaining with the company and meeting other conditions. The company deducts each annual installment as it is "earned out" and the executive reports his bonus as he gets it.

When profit sharing is paid in stock the company usually pays enough in cash also to permit the executive to pay tax on his bonus. The Monsanto plan leaves it to a bonus committee to decide how much of the amount available for profit sharing shall be paid in cash, how much in stock.

The Van Raalte Co. has a fixed profit sharing formula but leaves it to a committee to determine that 15% or 25% of an executive's salary and profit sharing bonus combined shall be set up as deferred contingent compensation, payable at retirement in 10 annual installments or at death.

### Developing a sound plan

The trend toward bonus plans is picking up speed. More and more companies realize that the *favorable tax and incentive features* of the bonus device make it a must in modern pay planning.

Why a bonus plan? In addition to its incentive value, a bonus plan has four great tax advantages:

1. A bonus contingent on profits or sales automatically moves up as corporate profits move into higher corporate or excess profits rates.
2. It is easier to convince tax men (and stockholders) that bonuses do not exceed "reasonable level of compensation" if they are paid pursuant to an arrangement which gears them to profits or sales.
3. The company can get a tax deduction in the year the profits are earned while tax to the executive can be put off until payment in following years.

### How to make a bonus plan work

The success of a bonus plan depends on its effectiveness as an *incentive*. Unless the bonus makes an executive *more productive* and *more loyal*, it is a failure from company's view. From executive's viewpoint, to be an actual incentive it must give him a real benefit in *after-tax income*— not just an illusory gain.

Naturally, there's no "best" way to make an incentive plan work. But there are basic principles that have



proved their worth in *actual practice* and which should be considered in drawing any bonus plan. Experience with bonus plans shows that—

1. The bonus must be substantial. If total kitty averages *below 30%* of salary in a fat year, it is probably too small.

2. Payment should be on basis of performance, *not base salary*.

3. Bonus must be *available to all executives* above certain level—not limited to departments or operations. All should have a crack at the jackpot—but none should be paid unless *his performance* warrants.

The general principles above will help you design outline of your plan. Then two major questions must be answered:

■ How do you set a total bonus sum fair to both stockholders and executives?

■ Who gets how much of the kitty?

### How large a total kitty?

The best bonus plans are based on a sound profit sharing formula. In setting a formula, the important problems are:

1. To define the accounting standards to be followed in determining profits.

2. To fix a percentage fair to stockholders.

3. To set aside the amount of profits necessary to protect long-term dividend rates and stock values.

The percentage of profit sharing may be *graduated upward* in recognition of the probability that management skill is increasingly responsible for the higher levels of profit. On the other hand, we have seen profit sharing contracts with *percentages reduced* as earnings moved into higher brackets in recognition of the fact that increased earnings would come from increased volume and that this would bring *increased working capital requirements*.

Capital requirements can also be provided for by providing that profit sharing starts only after a stipulated percentage has been earned on *net worth* or on *total assets* or on the company's *market value*. Or you may set a *flat dollar sum* as the earnings level to be reached before profit sharing starts.

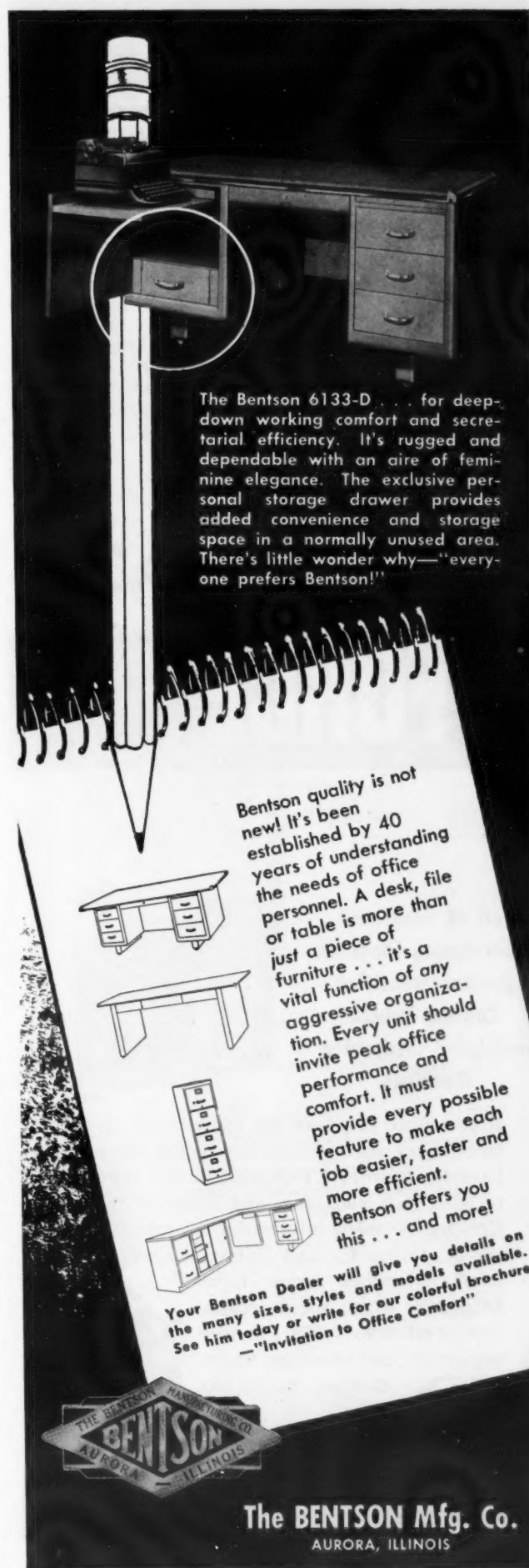
Another approach to protecting shareholders is to make the amount of the bonus *contingent on dividends declared*. One company gives the executive a *hypothetical block of stock* and pays him a bonus in the amount of the dividends declared on that stock. Another company has given executives real restricted stock options and it pays them a bonus in the amount of the dividends declared on the amount of stock optioned to them. Thus, the executive, *without investment*, gets both the *dividend yield* and the *capital appreciation* on a specified amount of stock.

In general, the profit sharing percentage should be higher as larger amounts are excluded from profit sharing to cover the company's established earning power, return on capital, dividend commitments.

Of course, you can gear bonuses to sales or production instead of profits but the mechanics and principles are still the same.

### Who gets how much?

The best way to distribute a bonus is to set up a committee of "nonparticipating directors" whose judg-



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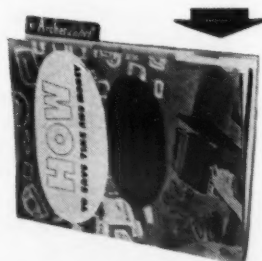
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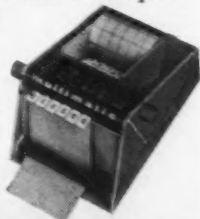
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ment is conclusive. Best concise statement of this method that we know is contained in the plan of the Van Raalte Co., which provides that:

"Each profit sharing allotment will be based upon judgment of the particular employee's relative contribution to the profits of the company, and of his relative value to the business. Account will be taken of his loyalty, general attitude, enterprise, initiative and salary. Each such allotment, and each payment pursuant thereto, will be personal and *strictly confidential* to the employee receiving the same. No payment will be made to any employee if it is known that his allotment has been assigned in whole or in part, or that any indebtedness has been secured thereby."

Where a bonus plan is based on calendar year earnings, obviously payments can be exactly computed only *after* the year's end—yet many employees would prefer the money *before* the year's end. Similar problems can arise where payment is based on a fiscal year that doesn't correspond to employee's period of greatest need. Many plans solve the dilemma by providing for *advance payment* of at least part of the fund.

Deferred distribution may *reduce the executive's tax load* during the company's good years, while giving him a cushion against bad years. In addition, a deferred distribution clause gives the executive *an incentive to remain with the company*. He is usually required to *earn out the installments*, and *refrain from competition* if he leaves the job.

It's important not to confuse this type of "deferred distribution" with plans that fall within Section 165 of the Internal Revenue Code. *There is no retirement angle here*—only the desire to eliminate the drawbacks that normally hit any profit sharing device in a bad year.

### Pay-off in stock

Stock bonuses offer another way to give the corporate executive a present incentive plus a long-term interest in his company, exceeding any stake he could afford out of his own pocketbook.

For the company, stock bonus plans have a special advantage over other bonus arrangements—the *corporation's cash resources are not depleted*. For the executive, there's the advantage of having any *increase* in the stock's value taxed as a capital gain. On the other hand, the value of the stock as received is considered *additional income*. This means that under today's high tax rates the executive may have to sell a good part of the stock to pay the tax on his bonus, unless the company pays a cash bonus too.

Therefore, the question of what proportion, if any, of the executive's bonus should be paid in stock is best left to the directors' discretion so that best individual adjustments can be made. The following clause from the Pittston Company's plan is typical of the type of language necessary. If you put a "cash or stock provision" in your plan, this provision should go in too:

"Awards for any year shall be in cash or in stock of the company or partly in cash and partly in stock of the company, as the directors' committee in its discretion shall determine at the time of the award. The stock of the company shall be valued for award purposes at the average of its closing market prices on



the New York Stock Exchange during the month preceding that in which the award is made."

But, in any event, when a large part of the executive's bonus is paid in stock, the directors *must make certain* to include enough cash to *enable the executive to pay tax on his entire bonus*.

#### Percentage pay deals

The Treasury can disallow the deduction of that portion of a salary, bonus, commission, or profit sharing payment which is in excess of the reasonable value of the services rendered. What is reasonable compensation and what is the reasonable value of the services rendered are questions of fact. It depends on the kind of business, its size, how much profit the management has earned for the business, the position the employee has filled, the going value of the skill needed to fill that position, the basis on which pay was calculated. Percentage pay deals are less likely to be questioned than other forms of compensation and benefits. m/m

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BOOKS FOR MANAGEMENT

reports

#### Executive omnipresence

HOW TO USE A TAPE RECORDER, by Dick Hodgson and H. J. Bullen. Hastings House, New York. 1957. 216 pp. \$4.95.

Forcefully address your sales people, be present at conferences, orient new employees, and conduct a plant tour—all simultaneously and without being present "in the flesh" are just a few of the things an executive can do through the proper utilization of a tape recorder.

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Not only are the present and potential business uses of tape recorders outlined but instructions and general hints on operation and care are given. Selection of accessories is covered. Non-business uses which executives find for recorders in the home are also presented. A glossary of technical terms is given, in addition to a regular subject index at the end of the book.

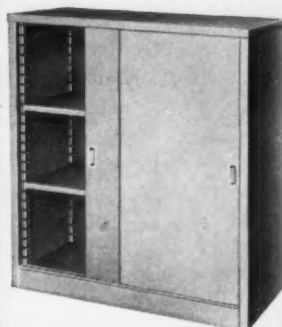
#### Leasing machine tools

MACHINE TOOL LEASING, by J. L. Treynor and R. F. Vancil, Management Analysis Center, Inc., 275 Newbury St., Boston. 1956. 147 pages. Spiral bound. \$15.

The tax savings and cost advantages of machine tool leasing are covered in this book from the viewpoint of the executive. The basic problem of whether to lease or to buy is often considerably complicated—

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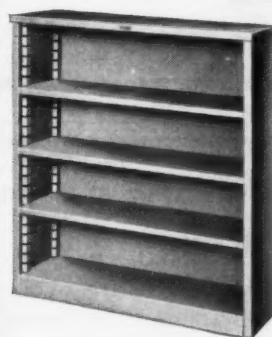
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### More profit through improved letters

HOW TO WRITE BETTER BUSINESS LETTERS, by Earle A. Buckley, McGraw-Hill Book Co., Inc., New York. 1957. 4th Edition. 280 pages. \$2.96.

How to open a business letter, how to write the body of same, and how to close effectively—are just some of the points covered in a revised book now offered to the harassed executive with correspondence problems. Written as a specific, practical guide for those with such troubles, *How to Write Better Business Letters* gives an actual formula for a sales letter, and rules for such things as effective dictation, how to improve writing styles, and better mechanics of expression.

Indexed to permit rapid selection of chapters or subjects desired, the book in lucid terms serves to get letter-writing out of the "useless formality" class into that of a really productive and effective business tool.

### Techniques for handling major business problems

COMMON SENSE IN BUSINESS: A DIGEST OF MANAGEMENT PROCEDURES, by J. Seton Gray, McGraw-Hill Co., Inc., New York. 1956. 168 pages. \$3.50.

How to cope with ten major problems arising in business is covered in a management guide recently published. Successful approaches to these problems and techniques for handling them are all outlined by the author. His is the voice of experience; he raised his present firm from a receivership into a position of respect and profit in its field.

The areas he deals with include management, finance, selling, engineering and development, operations, direct labor costs, materials cost, overhead, sales costs, and administrative costs. Each is analyzed separately—and its relation to the others is brought out. Item: emphasis is laid on research and engineering for the small business.

The book, says its publisher, is based on the concept that nearly everyone feels that *his* phase of business is the most important, but that actually nine key areas must function smoothly in an over-all success. How these activities interrelate and how the individual manager can make use of these principles are covered by the guide.

### Benefits through improved standards

WORK, WORKERS, AND WORK MANAGEMENT, by Adam Abruzzi, Columbia University Press, New York. 1956. 318 pages. \$7.50.

One primary objective of this book is to describe how production standards can be improved to the

mutual benefit of both management and labor fields.

Estimating production rates is one of the hardest jobs confronting management. How this problem is resolved can make or break an enterprise.

In his latest book, Dr. Abruzzi elaborates his earlier notions on time and motion study. He demonstrates that, for management, it is all-critical that the rationale of the "bargaining game" over production standards be clearly understood. Both labor and management make judgments on what the standards should be, but these are most properly termed *value* judgments. Because this removes standards from factual bases, results have often been either blindly favorable to management or to labor.

Terming this the pitfall of classical methods for arriving at production standards, the author shows how to avoid such dangers.

He also explains to management how his theory of worker motivation is vindicated by advent of the automatic factory. Workers have a varying, non-standard component to their working makeups. This means they can handle the skill-demanding situations in such factories. Machines can handle only the rote, standardized operations. Therefore proper work(er) assessment by management will be as necessary in the future as it is now.

#### How to match the man and the job

PHYSICAL ABILITIES TO FIT THE JOB, by Bert Hanman, American Mutual Liability Insurance Co., Boston. 1956. 145 pages. \$2.50.

How to relate workers' physical abilities to job requirements often puzzles management. This well-illustrated little book, complete with manual and forms, offers a solution to the problem.

Admittedly intended for industrial physicians and engineers, the book is still written, for the most part, in terms understandable to management.

Contained therein are rules on how best to analyze physical compositions of workers. These are coupled with breakdown rules for analyzing jobs. Application of the two techniques can result in optimum placement of individuals within your company.

The book contains plans to help every kind of employer. With or without doctors, personnel men, job analysts, or others, there is some one plan you can use. All plans are tested and proven time and money savers based on industrial experiences in America, Canada, and Europe.

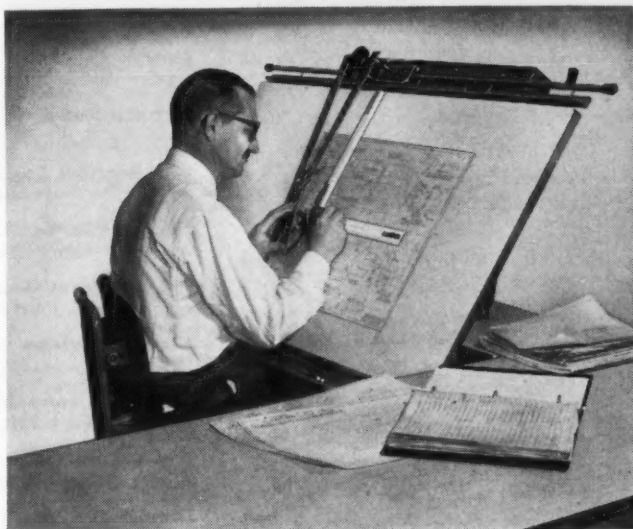
#### The terminology of American business

AMERICAN BUSINESS DICTIONARY, by Harold Lazarus, Philosophical Library, Inc., New York. 1957. 522 pages. \$10.

The daily vocabulary of management and administrative personnel is defined in this latest business dictionary. Terms, concepts, procedures, job titles, monetary units, laws, and abbreviations currently in vogue are all clarified by the alphabetized volume.

In his brief preface, the author says he bore always in mind the needs of busy executives confronted with unknown terms in their reading and at work. Their requirements are for precise but not extended definitions.

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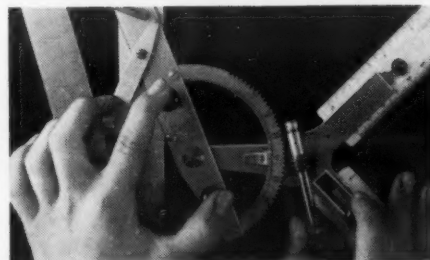
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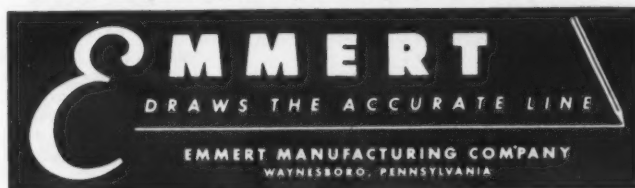
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